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West Europe Report

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16 July 1984

WEST EUROPE REPORT

CONTENTS

ARMS CONTROL

NETHERLANDS

Faber on Interchurch Peace Council's Strategy
(NRC HANDELSBLAD, 18 Jun 84) 1

SWEDEN

Stockholm Peace Institute Report Hits NATO Nuclear Doctrine
(Lars Christiansson; SVENSKA DAGBLADET, 30 May 84) 3

POLITICAL

CANADA

Levesque Interviewed by LE MONDE
(Rene Levesque Interview; LE MONDE, 7 Jun 84) 5

CYPRUS

Situation Reaches Impasse, War Readiness Advocated
(I SIMERINI, 2, 3 Jun 84) 10

Acts, Not Words Seen Needed From Greece
(Editorial; O AGON, 22 May 84) 13

France Seen Country's Only Strong Supporter
(Nikos Iakovidis; I SIMERINI, 25 May 84) 15

Briefs
AKEL Disappointed Over Losses 17

DENMARK

Poll Finds Most Unionists Oppose Mandatory Party Donations (BERLINGSKE TIDENDE, 27 May 84)	18
Polled After Bus Strike, by Michael Ehrenreich	
Would End Union Contributions, by Asger Schultz	
Conservatives Supported by Business, by Ole Schmidt Pedersen	
Union Resistance Could Backfire, Editorial	

FINLAND

Conservative Party Chief Suominen Attacks Koivisto Stand (HELSINGIN SANOMAT, 24 May 84)	22
Political Scientist Comments on Coming Local Elections (Risto Sankiaho; UUSI SUOMI, 13 May 84)	25
Issues in Local Election Campaigns Seen Favoring Greens (UUSI SUOMI, 13 May 84)	29
Poll: Helsinki Greens May Advance in Local Election (UUSI SUOMI, 18 May 84)	32

GREECE

Post-Electoral Issues Arise Within PASOK, ND (I KATHIMERINI, various dates)	34
Two-Month Political Freeze	
Fotilas Resignation Causes Surprise	
Centrists' Recruiting Reported	
ND Deputy Asks for Leadership Change	
ND Deputy Expelled from Party	
Parties' 'Moratorium' Agreement Denounced, by G. Karagiorgas	

PORUGAL

Comments, Controversy on New 'Eanist' Party Creation (Various sources, various dates)	43
Eanes Speech Key Points	
Economic Situation Determining Factor	
Disapproval Expressed	
Pintasilgo Not Considered	
Eanes Weakness Stresséd, by Jose Miguel Judice	
New Party Formation	

SPAIN

Catalan Socialists Distance Themselves From PSOE (Enrique Serbeto; ABC, 1 Jun 84)	50
--	----

PSOE's Castellano for Cueta, Melilla Decolonization
(J. R. Unzue; ABC, 13 Jun 84) 52

Gonzalez-Alfonsin Statement Keys on Foreign Policy
(ABC, 14 Jun 84) 54

TURKEY

Government Stability, Alternatives Key Political Topics
(CUMHURIYET, 31 May 84) 56

MILITARY

EUROPEAN AFFAIRS

France, FRG To Develop Military Observation Satellite System
(AFP SCIENCES, 7 Jun 84) 60

BELGIUM

Deputy Sees Defense Budget as Insufficient
(Jose Desmarests; LA LIBRE BELGIQUE, 29 May 84) 62

FRANCE

Mission, Training of 'Hubert' Navy Frogman Unit
(Pierre Darcourt; LE FIGARO, 1 Jun 84) 65

PORUGAL

Briefs
Defense Legislation Delayed 67
French Battery Purchase 67

ECONOMIC

AUSTRIA

Coalition Rejects Salcher's Tax Reform Proposals
(NEUE ZUERICHER ZEITUNG, 3-4 Jun 84) 68

CYPRUS

Cypriots Enjoined To Stop Living Above Means
(O FILELEVTHEROS, 20 May 84) 71

FRANCE

European Affairs Minister on Entry of Spain, Portugal Into EEC
(LE NOUVEL ECONOMISTE, 4 Jun 84) 72

Industry Development Funds Tied Up in Treasury Bonds (LES ECHOS, 9 May 84)	74
Stock Exchange Termmed 'Unprecedented Success' (LES ECHOS, 10 May 84)	77
Automobile Industry Seen To Be 'Less Competitive' Abroad (LES ECHOS, 7 May 84)	79
Nationalized Industry To Create New Businesses (Jacqueline Mattei; LES ECHOS, 25 May 84)	81
Europeenne De Banque Restructured After 1983 Losses (LES ECHOS, 30 May 84)	84
Briefs	
Business Start-Up Procedures Simplified	86
Major Microcomputer Company Lagging	87
Thomson Sells Share Bonds	88

NETHERLANDS

Briefs	
Ruding on 1985 Growth	89
More Jobs by 1986	89

PORTUGAL

Spain Said Concerned by Concessions to EEC (Manuel Lopes; O JORNAL, 15 Jun 84)	90
Host of Measures Needed for Returning Emigrants (Editorial; DIARIO DE NOTICIAS, 18 Jun 84)	93

SPAIN

Academic on Barcelona as Competitive International Port (Joan Alemany Interview; AVUI, 3 Jun 84)	95
---	----

TURKEY

Export Fraud Results in Tax Loss, Sparks Inquiry (DUNYA, 23 May 84)	101
FRG's Strauss Demarche on Airbus, Akkuyu, Communications (CUMHURIYET, 23 May 84; TERCUMAN, 23 May 84)	104
Marketing 'Airbus' Airplanes No Agreement Reached	

Public Housing Plans Focus on 'Satellite Cities' (Resat Yazici; TERCUMAN, 31 May 84)	107
Business-Government Rift Over Economic Policy (CUMHURIYET, 31 May 84)	109

ENERGY

AUSTRIA

New Natural Gas Pipeline To Be Built (Margarete Freisinger; DIE PRESSE, 2/3 Jun 84)	111
--	-----

BELGIUM

Energy Use Dropped, Natural Gas Sales Rose in 1983 (DE STANDAARD, 11 May 84)	113
---	-----

FRANCE

Auto Industry, Refineries Clash Over Unleaded Gasoline Issue (Didier Duruy; LES ECHOS, 29 May 84)	115
--	-----

Briefs

Petroleum Product Prices Rising	117
Franco-Angolan Petroleum Cooperation	117

ENVIRONMENTAL QUALITY

EUROPEAN AFFAIRS

International Baltic Conference: Conditions in Sea Worsen (Lasse Johansson; DAGENS NYHETER, 5, 6 Jun 84)	118
---	-----

Combat Acidification, Purify Discharges 'Dead Bottom' Areas Growing	
--	--

TURKEY

Major Inadequacies in Water Pollution Battle (CUMHURIYET, 7 Jun 84)	121
Call for Industrial Clean-Up, by Reha Oz Turkey's Responsibility Enunciated, Editorial	

FABER ON INTERCHURCH PEACE COUNCIL'S STRATEGY

Rotterdam NRC HANDELSBLAD in Dutch 18 Jun 84 p 3

[Article: "'All Nuclear Weapons Out Of The Netherlands Too Big A Step.'
Faber: Peace Movement Dogmatic In Its Rejection"]

[Text] Rotterdam, 18 June--Secretary of the Inter-church Peace Council (IKV) M. J. Faber believes that the peace movement as well as the PvdA [Labor Party] are much too dogmatic in their rejection of all nuclear weapons in the Netherlands.

So said Faber yesterday morning on the Ikon radio program "The Other World of Sunday Morning." Mient Jan Faber argued here that he was not against compromises on the subject of nuclear armaments. "You have to be ready to do that if you are just keeping your final goal in view, but 'all nuclear weapons out of the Netherlands' is too big a step. We have found that this step is difficult to realize, even though the churches have adopted it. But making the slogan penetrate to the governmental level is not possible."

Faber also spoke of the PvdA's dogmatic rejection of all nuclear weapons. In his opinion, the PvdA has applied this rejection too much as an axiom and too little as a final goal, as a result of which they no longer have any influence now. "The final goal," said Faber, "must be all missiles out of Europe, but if there has to be a few in the Netherlands for an interim balance, I am prepared to accept such an intermediate step. Now, it's being used to exclude the PvdA."

On the Ikon program, the IKV secretary also pointed out that the CDA [Christian Democratic Appeal], with the so-called 'crisis-variant', has thoroughly considered a way of keeping the missiles out of Europe and of maintaining the idea of a Europe free of nuclear weapons, as propagated by the peace movement. Faber feels the peace movement should link up with them on this.

In this connection, he stated that he would be in agreement if the alliance were to say that cruise missiles have to be based here for a limited time. It's a matter of not continuing to yell at each other because of fixed axioms. We must sit down to arrive at a decision. At the present time, however, there doesn't appear to be the ghost of a chance of working to get the missiles taken out of Europe again. For this reason, I wouldn't want to accept them now. Even with a treaty, I say: No."

12507
CSO: 3614/99

STOCKHOLM PEACE INSTITUTE REPORT HITS NATO NUCLEAR DOCTRINE

Stockholm SVENSKA DAGBLADET in Swedish 30 May 84 p 5

[Article by Lars Christiansson: "SIPRI Contradicts NATO Strategy"]

[Text] SIPRI, Stockholm's peace institute, is now taking a position in the debate between East and West concerning nuclear weapons doctrine. SIPRI supports the demand that NATO subscribe to the doctrine of not using nuclear weapons first.

This was revealed Tuesday when SIPRI presented a new book on "no-first-use" of nuclear weapons.

Debates on the subject have been extensive for some time. Demands that the nuclear powers pledge not to use nuclear weapons first are leveled at the current NATO doctrine. NATO strategy--simply stated--is built on responding to attacks at the level necessary to stop them--even if this means using nuclear weapons. From the NATO point of view, the possibility that nuclear weapons will be used has such a deterring effect that an armed conflict will not occur.

For its part, the Soviet Union has committed itself not to use nuclear weapons first and is now pushing the demand at the Stockholm Conference that the nuclear powers should join in.

SIPRI believes that an endorsement of an agreement not to use nuclear weapons first, rightly managed, can radically reduce the nuclear threat and have a stabilizing effect on the balance of power.

SIPRI points out three ways to approach the goal.

One way is an East-West agreement to balance conventional forces in Europe at an equal level. This solution is not advocated by SIPRI, however, because it would mean a conventional arms build-up on the NATO side and a certain de-escalation on the side of the East in tanks and artillery. SIPRI believes, however, that there is on the whole a balance between the conventional forces.

Another way is for both sides to regroup their forces so that they cannot be perceived as having a provocative purpose. SIPRI does not recommend this idea either but suggests a third solution instead.

This calls for both sides to reduce their forces down to a balanced lower level.

Basic to all three methods suggested is the idea that nuclear-free zones in the form of, for example, a corridor free of tactical nuclear weapons through Central Europe would be a step to reduce the risks of surprise attacks.

9992
CSO: 3650/223

LEVESQUE INTERVIEWED BY LE MONDE

Paris LE MONDE in French 7 Jun 84 pp 27,29

[Interview with Prime Minister of Quebec Rene Levesque by Bertrand de la Grange and Daniel Vernet in Montreal; date not given]

[Text] In the face of the Federal Government of Quebec's centralizing offensive and opinion polls unfavorable to his party, people are saying that the prime minister of Quebec, Mr Rene Levesque, is going through phases of discouragement and combativeness. It was a good day when he received us in his office in Montreal.

[Question] Does Mr Trudeau's departure change anything for you?

[Answer] The departure of someone who has occupied the political center stage for 15 years and who has been almost constantly in power with very personal ideas fixes and obsessions is a bit as though we were shuffling the cards again. But that doesn't change the fundamental issues. The Canadian Federal Government has a tendency toward centralization that Trudeau did his best to accentuate. This kind of tendency is going to continue in Canada. It's absolutely contrary to Quebec's interests.

[Question] What were Mr Trudeau's obsessions?

[Answer] At the start, Trudeau was considered to be a liberal, liberal in the British sense of the 19th century, very attached, for example, to human rights. He somewhat trampled on this image to become a very pragmatic and very cynical politician. And on the basis of this impetus, he wanted to impose on Canada a form of centralization that was more and more accentuated and less and less respective of the French community of Quebec.

I find it depressing that some Quebecois, Trudeau and a few others, steadily worked to lessen Quebec's position and tried not only to bring it into the ranks of the federal government, but also to deprive it of its most legitimate aspirations. This was his chief obsession. In another domain administration was the least of his concerns, which meant that for 15 years Canada was one of the worst administered countries in the world and this is reflected in its economic and financial situation.

[Question] What did the French-speaking ministers with whom he surrounded himself represent for you? Just decoration?

[Answer] That changed nothing for Quebec; to the contrary. This is often the case with minorities when one makes them the great gift of putting them in a position of power. The French-speaking ministers had to excuse themselves at the expense of their own fellow citizens in Quebec. This is very typical with minorities, very colonial, and I don't think that we've invented anything new here. I've seen it happen elsewhere.

[Question] One of your former ministers, Mr Marcel Leger, has said that the Quebec Party (PQ) must absolutely renew itself, take into account the changes that have taken place since 1976. Is this your opinion?

[Answer] It's obvious that one changes one's language somewhat after a crisis like the one we have gone through and which is not quite over. We won't make the same mistakes. But from that to saying that we must reinvent the world.... When we speak of sovereignty and independence, it means the same thing everywhere in the world. There are 150 sovereign nations today. There were 50 at the end of World War II. They have come into being for infinitely varying reasons, but which depend on one and the same thing: having one's own institutions, being able to for better or worse make one's own decisions in one's own country.

[Question] During your 8 years in power you have shown the Quebecois that you are capable of wringing concessions from Ottawa and that independence is perhaps not after all necessary.

[Answer] No matter what the color of the government in Quebec or Ottawa, there have always been confrontations.

There are aspirations in Quebec that run counter to the majority tendency in Canada. If we don't have a national society that has its own language, culture, aspirations, its way of viewing things, if we can't make our own decisions, we may obviously be condemned to a certain insignificance some 20 years from now.

You know, the very future of the French language is becoming more and more a cause for concern for the French. We must think of the future of French in this world that has become more and more scientific, more and more technological, more and more jargon-ridden. So we who are in the forefront of progress in America must think about it twice as hard.

[Question] How do you explain the fact that the young people seem to be indifferent to the idea of independence?

[Answer] But "the" young people — I apologize for saying this to you — is in itself a presumptuous expression. Because the entire society will be composed of young people in 10 years. There are the strong, the weak, the rich, the poor, there are those with drive and those who lag behind. There are all sorts among them. We see them acting, organizing themselves. At the present time there are several hundred who, outside the PQ but along with us, have created

organizations. Not all young people are at present experiencing the same turmoil there was 10 or 15 years ago. But this is true all over.

[Question] Will the next elections, between now and 1986, have a bearing on independence?

[Answer] I think this is obvious for two reasons. One positive and one negative. Our Liberal opponents will do everything they can to base their campaign on the word "separatism," which is their little word to frighten people; they'll do everything they can to distort the idea of independence for Quebec, to tell people that they ought to be afraid of what we represent. They've done this to us at every chance they've had. It never fails. If we let them talk, it's negative.

We must therefore speak of our option, since we believe in it with at least as much fervor and conviction as realism.

Risks of Independence

[Question] If you have a majority, would you open negotiations with an eye to independence?

[Answer] If we have a majority of the votes, that is, 50 percent or a bit more — we had 49 percent last time — yes, we'll very quickly set the process in motion. After all, citizens know what they're doing when they vote. If we have a majority of the seats without having a majority of the votes, given the present situation, it's a sure thing that that would shake confidence in the government.

[Question] If you come up with a majority of seats without having a majority of votes, without having a very clear mandate for independence, will you be condemned to becoming an administrative party?

[Answer] There are always risks of that sort, but you will nevertheless admit that the best way to keep an idea alive is to have a political hold on the situation. Even if it takes longer to do it. One thing is certain: It would be amazing if our party were returned to power for a third term. That would mean that people really do not want the idea of independence to be abandoned, even if they're not prepared to go all the way immediately.

[Question] Don't you have the feeling that, aside from the activists, there is among the Quebecois a sort of awareness that the comfort of dependence is better than the risks of independence?

[Answer] That's a very widespread illusion and there are people who are paid to maintain it. The illusion that there is no risk in the status quo of dependence. Well, there is the risk of constantly being relegated to a lesser status and the risk of becoming collectively more and more insignificant in the development, such as it may be, of federal Canada. Don't forget that, since our birth rate has dramatically dropped and since Quebec has virtually no control over immigration and settlement policies, our relative importance is waning.

We must get away from the naivete that consists of saying: "Let's set our behinds down on the armchair of dependence and let ourselves be supported by others." But I swear to you there are more risks in that than in the calculated and exciting risk that consists of taking hold of tools and using them to the best of our ability.

[Question] Could you say a few words about your social plan for a sovereign Quebec?

[Answer] Quebec is a viable country if we consider the advanced state of its population, of education, of its political institutions, its material resources and its geopolitical situation; it's one of the most viable of countries. We're always restricted by our big federal brother, who constantly tries to stifle the voice of Quebec and to prevent it from asserting itself. Our economic interests, our political interests, our desire to have good relations with those countries with which we have affinities, all this is blocked or rendered maximally sterile through the efforts of the federal government. That's why national independence would almost certainly be the start of the first chapter of Quebec's real national history.

[Question] There are two countries with which you want to maintain special relations. Are they the United States and France?

[Answer] No, also Canada.... Obviously, for us the two essential poles are the United States and France. The United States is our most natural market. For reasons of identity, we absolutely must have good relations with the French-speaking world and above all with France.

France's Guarantor in America

[Question] What can France contribute to you and what can you contribute to France?

[Answer] France underwent a change in government, a change of regime up to a certain point. That was followed by a normal period of fluctuation because people were less familiar with one another. But common sense has prevailed and I think that both sides have realized what shouldn't have been done. That is, direct interference, because that's always thought of rather poorly. We note a comprehension of our evolution and, insofar as is possible, support for this evolution. From this point of view, I think that I can't ask for more under the present circumstances.

In the other direction, Quebec is somewhat France's guarantor in America. You mustn't forget that we are the largest community of French origin introduced anywhere else in the world. That in itself is an advantage, even though we don't have the importance the United States has in relation to England. Then there are the economic relations that have been in the process of being much more consistently initiated for several years now. If there is a shared mentality, I believe that there'll be a big future in that direction.

[Question] Now that Mr Trudeau is gone, don't you say: "Good, now I can withdraw at peace with myself"?

[Answer] We're not Castor and Pollux... even the opposite. Trudeau got into politics almost accidentally. Moreover, I was one of the agents that determined that damn Trudeau's entry into politics. I've since regretted the fact. That was in the early 1960's.

[Question] And Mr Bourassa, your former opponent, has again become the head of the Liberal Party of Quebec. Aren't you worried?

[Answer] O.K. I have nothing against that. If I have my health and circumstances permit me to do so, I'd like that, a return match.

[Question] The opinion polls give him a very wide lead.

[Answer] That's due to the fact that people haven't yet seen too much of him because he's not a deputy in the National Assembly. And then in 1981 the opinion polls predicted that we would be beaten to a pulp. You know what happened.... I'm not saying that history always repeats itself, but there's nothing to prevent lightning from striking twice in the same place.

11,466
CSO: 3619/69

SITUATION REACHES IMPASSE, WAR READINESS ADVOCATED

Nicosia I SIMERINI in Greek 2, 3 Jun 84

[2 Jun 84 p 1]

[Text] Can Cyprus by itself or with Greece have a military confrontation with Turks and free occupied Cyprus? Athens and Nicosia have spoken and say, "No." And the word is simple. Even if they could wage war, even if they not only waged war, but won it, the question of Cyprus would not be resolved. The defeated Turks would return. Therefore, the Greeks should prepare themselves for continuous wars...

Can Cyprus by itself or with Greece peacefully achieve the liberation of Turkish-held Northern Cyprus? Athens and Nicosia have spoken and say, "No." For this reason the summit agreements have been signed. For this reason they agreed to the Two-zone Federation solution to the question of Cyprus. For this reason, until day before yesterday, the president, within his powers, proposed a 25 percent partitioning to the Turks with regard to the territorial aspect of the problem.

Can Nicosia and Athens at least enforce the implementation of the United Nations resolutions? It has not been demonstrated that they can. Neither the so-called "internationalization" nor the efforts of Cuellar nor the large and small nations appear to have been able, nor that they may be able, to pressure Turkey to abide by such an agreement. For this reason not only do the Turks not abide, but, on the contrary, they systematically dishonor the votes by presenting new accomplished facts.

Can Cyprus and Greece consider a dual union as a solution? It does not appear that they can because even this solution is impossible due to the Turkish refusal as well as the East's refusal and the West's refusal. Any thought about this is not only contrary to the general feeling of the Greek Cypriot, but is also impossible in practical terms.

Can Nicosia and Athens let matters, as they now stand in Cyprus,

be perpetuated when they have now jointly (even though inevitably belatedly) ascertained that time is working against us? They cannot. Therefore, they must see what they can do. Until today, the illusions persisted. Sometimes it was the slogans. Sometimes it was the impressions. Over and above all this there stood the interest to ensure the popularity, the political career and the personal history of the leaders as heroes.

Now, at least, some leader must step forward to tell us with which answers to the above questions he disagrees. He will not step forward because he does not disagree. And this nonexistence of disagreement means that all leaders agree with the findings. They agree that there exist impasses that cannot be changed. They agree that the Turks want to impose their terms unconditionally. They agree that we "are alone..." They agree that up until now all our slogans have failed. They agree that the so-called implementation of the UN resolutions is merely something about which to drag one's feet. Finally, they agree that they do not know what to do.

Precisely because they do not know what to do, the problem of Cyprus has become twice the nightmare. The leaders have not yet found either the objectives or the ways to save this land. All agree that it is in danger. All agree that time is running out. All agree that the UN resolutions do not solve the problem. All agree that it is here that the future of Greece will be decided. Nevertheless, no one, either here or in Athens, knows what to do.

They are leaders because they know, or they should know, what the people do not. They are leaders because they are at the forefront. Because they can foresee. Because they can judge and estimate correctly. Because they have leadership strength and ability to govern, to lead, to be in the vanguard. Unfortunately, the great majority of our leaders, the so-called responsible administrators, are followers. While they shout that they know what they say and what they are going to do, when the time comes, they are frightened away by the events... But we will continue.

[3 Jun 84 p 1]

[Excerpts] The leaders must become aware that their job is not only that of ascertaining facts or to make judgments, usually wrong... Their job is to make the right decisions after the correct determinations. And mainly to act correctly and in time. In this sector, the performance of our leaders, here and in Athens, has been desperately poor. Experience and the facts tell us that neither history nor time nor the Turk will wait for our leaders to act like leaders.

Silence, waiting and inaction are once more the accommodation. What can the leaders say? If they say that they want talks, then they should go ahead and clearly state that these talks mean capitulation. To say that they do not want talks and let the chips fall where they may? To say that they are preparing for war? They do not say that either. They are afraid to say that they are preparing for war in order not to provoke the enemy. They speak fearfully, carefully, politely about a defensive protection that "Cyprus has decided" and in which "Greece is assisting..."

These statements, however, are not even convincing to our leaders as being serious and effective. How can they convince others? Above all, how can they appear logical to the Turks? Unfortunately, the last meeting of political leaders in Athens did not measure up to the historical circumstances. The political leaders of Greece do not measure up to the dangers facing the Greek nation. Unfortunately, Athens has not yet understood that the integrity of Greece begins and ends in Cyprus. Its own security. Its own honor and prestige.

What has to be done is clear. It is clear that the Greek nation must prepare itself for the war into which the Turks are going to draw it.

The great national problem is not whether the Greeks want, desire, seek or organize a war. Surely the Greeks want peace. They understand it. For the sake of peace they have for decades come to accept the shrinking of Greek territory and repeated national dishonor. Peace, however, is two-sided. The Turks do not want peace.

The leaders of both Athens and Nicosia have soundly failed to guard the integrity of the nation. Their present behavior does not guarantee a better future. The Turks will pounce when the moment is most favorable for them. It is, therefore, imperative for the nation to be on the alert. To decide and plan for the means to ensure the security of both Greece and Cyprus. The nation must launch itself into an imperative, all-powerful, unstoppable, invincible, preparation to avert (war).

9731
CSC: 3521/274

ACTS, NOT WORDS SEEN NEEDED FROM GREECE

Nicosia O AGON in Greek 22 May 84 p 1

[Editorial: "The Hour of Greece"]

[Excerpts] This newspaper, as emerges from an article it published last Friday, 18 May, and the president of Democratic Rally, Gl. Kliridis, as emerges from the speech me made at the party's pan-Cyprian congress on Sunday, 20 May, agree on one main point:

That it is now urgent for practical and substantive measures to be taken by Greece and Cyprus to prevent and confront threatening new Turkish fait accomplis and arbitrary acts.

This must now be the first duty, none other. All others come second.

And the prevention of new dangers and new fait accomplis is not achieved only with efforts to implement the Security Council's latest resolution.

What we do know and what we wish to point out is that:

If this time the Turks proceed undisturbed in their next step, and Greece and Cyprus again confine themselves to a new appeal to the Security Council, then there can be no doubt about the fate of Cyprus.

Therefore, we call once again on the responsible leaderships of Greece and Cyprus to proceed immediately, if they have not done so, to the stage of taking decisive measures.

We particularly want to point out the importance and responsibility of the Greek factor. And its foremost responsibility is most surely the defense of Cyprus.

From the moment when Turkish expansionism will perceive that Greece is not ready to counteract and will abandon Cyprus alone and unaided to its appetites, Cyprus will be lost.

Nor will the friends of Turkey have any hesitation about giving the green light to it as long as they perceive that Greece will not be inclined to put an end to their alliance if and when Turkey tries to implement its ambitions.

Greece's decisiveness to react not with words, but with specific acts, to any new Turkish adventurous actions is the main factor on which we base our salvation.

It is for these reasons that we now see Greece's role in Cyprus maximized and its stance determinative. Perhaps Greece has never in the past been called on in such a dramatic way to implement its national declarations as it will be called on in the immediate future. And, we are hoping, to implement them and to rise to the occasion!

9247
CSO: 3521/258

FRANCE SEEN COUNTRY'S ONLY STRONG SUPPORTER

Nicosia I SIMERINI in Greek 25 May 84 p 3

[Article by Nikos Iakovidis]

[Text] With the UN Security Council's recent resolution Number 550 on the Cyprus issue, the subject of the role of international law in our struggle becomes timely.

Published in the 5 March 1984 [27 February] issue of NEWSWEEK magazine was an interesting article by George F. Will entitled "The Perils of Excessive Legality" in which he is concerned with how much international law should govern the charting of the United States' foreign policy. The author of the article in question expresses the opinion that the United States already ascribes too much importance to international law, a policy which is mistaken in his opinion. George F. Will maintains that U.S. foreign policy must not always follow the rules of international law, but only in some circumstances.

International law, says the journalist in question, "is a code which exists within specific bounds, useful among nations that share common values but not germane to dealings with totalitarian regimes." Of course, he includes among totalitarian regimes only the "proletariat" dictatorships, not the fascist ones.

This opinion, that the United States should follow the rules of international law only in their relations with certain regimes and not in every case, if it were followed by other countries, especially strong countries, would lead to anarchy in international relations--which already exists to a great degree anyway.

Nevertheless, such opinions allow the mentality, principally of U.S. government bureaucracy, to appear; this mentality favors a foreign policy of expediency rather than legality. Basically the same mentality governs the higher government bureaucracy of the other superpower, the USSR. When the USSR invaded Hungary in the fifties and Czechoslovakia in 1968, it clearly violated the rules of international law. But expediency prevailed over legality.

The general conclusion is that the foreign policy of the superpowers is first and foremost a policy of expediency and second a policy of legality. Thus, international law can be one of the weapons of struggle which we employ, only up to a point. It cannot be a panacea.

What stands out, beyond military strengthening and economic vigor, is a foreign policy which will multiply supporters and the degree of their support and will decrease those who are on hostile terms and the degree of their hostility. Such a policy must be governed mainly by moderation and sobriety; it has no relation to any franticness. Frantic international behavior such as that of our neighbor Qadhafi would be disastrous for our cause.

But more than acquiring many supporters, acquiring strong supporters stands out. Israel, for example, does not have many supporters. But it has strong supporters and it manages to successfully contend with the whole Arab world. Perhaps the only strong supporter we have is France. Therefore, we should work in this direction, to further enlist its support. Thus, we should tighten a variety of ties with this country, with particular emphasis on our cultural relations which up to now have been unilateral with the Anglosaxon world.

And most of all, we should set feasible goals, taking into consideration that politics is the art of the attainable. In order to achieve them, these goals should not be disproportionate to the means at our disposal. And, of course, we must always comprehend that the course of time consolidates the present status quo.

9247
CSO: 3521/258

BRIEFS

AKEL DISAPPOINTED OVER LOSSES--As we have been informed, leading cadres in AKEL are disappointed about the results of the recent municipal elections which decreased the party's strength in large urban centers of Nicosia. According to our information, a special conference will be held in AKEL within a few days to make final evaluations about the elections and take decisions. We have been informed in this connection that the prevailing opinion among part of the AKEL cadres is that their party should begin to "disengage itself" from DIKO because in their estimation, Mr Kyprianou's party has gradually absorbed a large number of AKEL's traditional voters. Reported as examples on this subject are the communities of Agios Dometios and Agios Pavlos where DIKO got the majority of votes over AKEL, with many votes which were given in the past to the Left.
[Text] [Nicosia I SIMERINI in Greek 16 May 84 p 1] 9247

CSO: 3521/257

POLL FINDS MOST UNIONISTS OPPOSE MANDATORY PARTY DONATIONS

Polled After Bus Strike

Copenhagen BERLINGSKE TIDENDE in Danish 27 May 84 p 1

[Article by Michael Ehrenreich]

[Text] There is great opposition among Social Democratic Party voters not to allow individual union members the right to refuse making mandatory party contributions by way of union dues.

A large majority of the members of the Danish Federation of Trade Unions (LO) is of the opinion that individual trade union members should be allowed to refuse making mandatory contributions to the Social Democratic Party by way of union dues although the contribution to the Social Democratic Party gained majority approval by various union congresses. This is according to a Gallup poll publicized today in BERLINGSKE SUNDAY.

Among the LO members polled, some 69 percent felt they should have the right to refuse contributing to the Social Democratic Party, while 24 percent answered that trade union members should accept union congressional decisions to economically support the large opposition party. Among non-LO members polled, the opposition to mandatory contributions to the Social Democratic Party rose to 72 percent.

Union donations are at the heart of the HT conflict as well as the split within the Union of Retail Business and Clerical Workers (HK), where a number of members are threatening to leave the union if HK leaders do not change their course with respect to union support of the Social Democratic Party.

Those who threaten to leave the union over the issue of mandatory party support are strongly supported by polled HK members, according to the Gallup poll. Some 79 percent felt that they should have the right to refuse contributing to the Social Democratic Party, while only 17 percent answered that the contribution should be accepted.

For that matter, the poll shows that even among Social Democratic Party voters there is considerable opposition to the present practice. Some 44 percent felt you should have the right to refuse to contribute, while 30

percent were of the opinion that party donations should be accepted under any circumstance.

Would End Union Contributions

Copenhagen BERLINGSKE TIDENDE in Danish 27 May 84 p 8

[Article by Asger Schultz]

[Text] The majority is opposed to economic support of the Social Democratic Party by way of union dues.

And that includes members of the Danish Federation of Trade Unions (LO) and the Union of Retail Business and Clerical Workers (HK).

A group of HK members are opposed to HK's massive economic support of the Social Democratic Party.

Since union membership in practice is not a voluntary matter, they feel committed to support a particular party regardless of their own political preference.

With the HK conflict, the issue has attracted renewed interest and, based on "the rebellion" among HK members, the Gallup Institute has polled people's immediate reaction to the conflict.

A representative sampling of the adult population, about 1,000 persons, was asked this question:

"There has been conflict recently because union members under LO refuse to contribute to the Social Democratic Party by way of union dues. Have you heard or read about this?"

Almost all (90 to 95 percent) were aware of HK members' action and said persons were then asked the following question:

"Competent LO groups have by a majority vote accepted to economically support the Social Democratic Party. Are you of the opinion that LO members should accept this or do you feel it would be reasonable for union members to refuse to contribute to the Social Democratic Party by way of union dues?"

The distribution of answers below is based on the political preferences of those polled and, as far as workers are concerned, on whether they are members of HK or another union under LO:

As the poll shows, almost three-fourths (78 percent) felt that the individual should have the right to refuse to contribute to the Social Democratic Party by way of union dues, while only 17 percent were willing to accept the situation. And one might assume that this applies to contributions to other parties as well.

	Should accept	Should be able to refuse	Don't know	Altogether
	%	%	%	%
Total	17	72	11	100
Member of union under LO:				
yes	24	69	7	100
no	13	73	14	100
Member of HK:				
yes	17	79	4	100
no	17	71	12	100
Party preference:				
to the right of the Social Democratic Party	6	86	8	100
Social Democratic Party	38	44	18	100
to the left of the Social Democratic Party	29	64	7	100

There is considerable opposition to the present practice even among Social Democratic Party voters and it is also convincing to see the reaction of LO members themselves. More than two-thirds (69 percent) of them felt that the present practice is unacceptable.

Since the HK conflict formed the basis for the questions asked, it is also interesting to note that 79 percent of the HK members polled support the viewpoint of "the rebels," i.e. an overwhelming majority.

Conservatives Supported by Business

Copenhagen BERLIGHSKE TIDENDE in Danish 27 May 84 p 10

[Article by Ole Schmidt Pedersen]

[Text] The Danish Employers' Association (DA) confirms that it contributed 2 million kroner to the Conservative Party in 1983 and that the party has received approximately the same amount of money this year. Three men on the DA Business Committee decide the amount of support.

Three men on the Danish Employers' Association's Business Committee independently decide which parties shall get economic support. These three constitute an independent committee which decides the amount to be contributed each year.

Prime Minister Poul Schluter disclosed the other day that DA contributed nearly 2 million kroner to the Conservative Party in 1983 and that DA has already given the party a like amount in 1984.

Many DA Business-Committee members have no idea how much money DA contributes to political parties. One member is not even aware of the existence of the committee that determines how many parties shall receive contributions and how much.

The committee consists of the DA Chairman, Director Benned Hansen, and two others, and they determine the amount to be contributed to various parties each year.

Largest Amount Ever

"It is correct that DA contributed about 2 million kroner to the Conservative Party in 1983. One might add decimals to the figure, but the amount is correct. This is our largest contribution ever to the party and we have contributed approximately the same amount in 1984," said Per Zinck.

The Danish Employers' Association has been very discreet about its contributions for years.

Very Few Decide

For the same reason, only a few persons within DA decide on the amounts of money to be contributed. Per Zinck does not feel there is any real reason to keep the contributions secret, but if the information is to be made public it must come from the parties themselves. Therefore, he does not want to comment on DA contributions to other parties either.

Trade Council Chairman, Guild-Master Klaus Bonde Larsen, who is also a DA Business-Committee member, does not know who much money DA contributes to the various parties. He added that the Trade Council for many years has held to the tradition of not making any political contributions and that there are no plans to change this tradition.

Union Resistance Could Backfire

Copenhagen BERLINGSKE TIDENDE in Danish 27 May 84 p 1

[Editorial]

[Text] "The trade union movement is taking a great risk if it refuses to recognize that it has no monopoly on maintaining the power and influence created by history. The appalling course of the HT conflict shows that the Semiskilled Workers' Union (SID) at any rate does not yet recognize this. It protected its own narrow interests and forces a decision on politicians that was contrary to law. It acted with exceptional cynicism. It allowed its own goals to determine the means used and it brutally ignored the concern for society. The struggle for solidarity and unity became so scrupulous that it disregarded its consideration for a community founded on law. When this happens, you exceed inviolable limits and permit the complete breakdown of basic ideas concerning the rights of society and the individual."

CONSERVATIVE PARTY CHIEF SUOMINEN ATTACKS KOIVISTO STAND

Helsinki HELSINGIN SANOMAT in Finnish 24 May 84 p 12

[Article: "Suominen Differs with Koivisto; Conservative Party Backs Choice of Prime Minister in Parliament"]

[Text] The Conservative Party differs with President Mauno Koivisto on how a prime minister should be chosen. Chairman Ilkka Suominen returned to the issue of the choice of a prime minister on Wednesday in the Conservative Party executive committee.

On a television program last Sunday President Koivisto repeated his doubt over opposition participation in the choice of a prime minister. In Koivisto's opinion, the current procedure is good and well-founded.

According to current practice, the president appoints the prime minister. If the prime minister were chosen in Parliament, the future opposition would also participate in the selection of a prime minister.

Suominen reminded his listeners that the Conservative Party had proposed that the choice take place in Parliament in connection with the planned change in the Constitution. According to the Conservative Party, this method of selection would heighten Parliament's role in the formation of a government. In Suominen's opinion, an election taking place in Parliament "would in no way increase the opposition's chances of exerting its influence."

"A government coalition and an opposition have not yet even taken final shape during the postelection phase when the government is formed. There is only Parliament, or the Diet, in which all the parties must in principle be on the same starting line in forming a government," Suominen went on.

President Koivisto spoke of the same starting line when the chief editors questioned him on television. The president, however, raised a small objection on the grounds that some parties engage in long-term cooperation. "When we start negotiating on a government the previous government coalition is on everyone's mind and it will probably continue to be so," Koivisto said.

A couple of executive committee members tried to initiate discussion about the president and the Conservative Party's right to participate in the government. Party secretary Jussi Isotalo quieted things down.

In the opinion of the chairman of the Helsinki Conservative Party, assistant city manager Heikki S. von Hertzen, the parties have retained their support pretty much unchanged. "We lay emphasis on cooperation among the four largest parties: the Conservative Party, the SDP, the SKDL and the RKP [Swedish People's Party], cooperation which is those who bear the responsibility's action against populism. Hertzen also lumps the Greens, who according to him are riding without a platform, together with the populists.

"We Don't Go Along with All the Bragging About the Subway"

Greens manager Osmo Soinivaara assured us that they are going to the elections with community-oriented programs "I don't believe that after the elections the composition of the SDP in Helsinki would be such that the party's chief coalition partner would be the Conservative Party," Soinivaara said. According to him, it is "easy to communicate" with capable assistant city manager Erkki Tuomioja (Social Democrat), but the Greens are also pinning their hopes on the "palace lords" of the RKP.

The Greens will be nominating from 25 to 100 candidates, who will not be decided on until August; in Helsinki the Greens are trying to firmly put together an election coalition whose members will work together, one whose candidates would stress individual goals alongside common topics.

"We don't go along with all the bragging about the subway; instead we dissociate ourselves from the "catch the crooks" approach," Soinivaara replied to the Conservative Party.

"Populism Has Not Become a Display"

According to Martti Asunmaa, the chairman of the SDP delegation to the Helsinki Municipal Council, the Greens' populism has not become a display. Like von Hertzen, he believes that the elections will not produce any big changes. "The continuation of cooperation among the traditional parties is an old legacy, so we regard it as a natural cooperative tendency," Asunmaa said.

Dialogue

The ways Asunmaa and von Hertzen relate to the Greens differ from one another, but both parties nonetheless suffer from a lack of new forces.

Conservative Party secretary Jussi Isotalo certainly already knew enough in February to stress the fact that they would have to get a Green contingent on the party tickets for the local elections. The Conservative Party will also nominate only some of its candidates at the 29 May district meeting, leaving 20 seats to be filled not before August.

Conservative Party strongmen Raimo Ilaskivi and von Hertzen do not, however, want a postelection situation in which the Greens, a significant part of the Left and some of the councilmen of the nonsocialist parties would march to the same tune in the council. Therefore, in the party their hopes are pinned on the 20th candidate, who is to be nominated later.

Helsinki's 85 Councilmen

<u>Party</u>	<u>Distribution of Seats, 1980</u>	<u>Prediction 1984</u>	<u>Change</u>
Conservative Party	28	24	-4
Center Party + Liberal Party	5	3	-2
RKP	7	6	-1
SKL [Finnish Christian League]	3	2	-1
SMP	1	5	+4
POP [Constitutional Conservative Party]	3	2	-1
Total, nonsocialist	47	42	-5
Greens	1	12	+11
SDP	23	21	-2
SKDL	14	10	-4
Total, Left	37	31	-6
Total councilmen	85	85	+0

11,466
CSO: 3617/168

POLITICAL SCIENTIST COMMENTS ON COMING LOCAL ELECTIONS

Helsinki UUSI SUOMI in Finnish 13 May 84 p 6

[Commentary by Prof Risto Sankiaho: "Upset in Values Will Pervade the Local Elections"]

[Text] By upset in values we mean a shift in people's values from basic physical needs like bread and butter as well as discipline and order to social needs, which are equality, increasing people's opportunities to influence affairs and environmental protection, among others. We have attempted and largely been able to explain recent political behavior, especially an increase in people's readiness to engage in protest, as being due to an upset in values.

According to a poll conducted by the Economic Research Company in 1982, people did not feel that environmental protection would be the most important issue in the parliamentary elections that were then soon to be held; rather the acquisition of new jobs, the protection of currently held jobs and curbing inflation surpassed that group of issues in importance. It seems that nature conservation and environmental protection will really rise above the other issues in importance during the local elections.

Basic Structures Are Satisfactory

This order of importance moving in the direction of an upset in values has not, however, been proceeding through policy since in the nonsocialist parties they stress support for business activities more than they do environmental protection. In part surprising is the fact that environmental protection has grown to be the most important issue in the parties of the Left, even though these parties have traditionally striven to protect their supporters' material needs, which the welfare state has been able to effectively ensure.

In polls on the quality of the services, it has in connection with many of them been noted that certain of our country's basic services, particularly the basic structures in towns (roads, sports centers, water supply and other such structures) are very satisfactory in terms of quality. The old parties and especially their platforms have still, nevertheless, preponderantly emphasized a need for dealing with problems pertaining to them that have already been solved. A truly new force, the Greens, start out with entirely new approaches in their whole political effort and also in the way they organize it.

Farmers would be more energetic than the others in pruning local expenditures (48 percent).

Housewives for Care Policy

Housewives constitute another special occupation group. They rated both improvement of care for the aged and increasing the number of children's day-care centers as being high in their choice of a candidate. On the other hand, exercise and sports centers do not receive their support (4 percent).

Helsinki Residents Differ

When inspecting a place to live in, Helsinki residents differ from those of other towns. They would like to have day-care centers (47 percent), municipal rental housing (44), and also nature conservation and environmental protection (59).

However, Helsinki residents probably do not expect their candidate to work to improve school conditions (9 percent) or traffic safety (15), nor even to increase job opportunities for young people (19). Helsinki residents would be ready to prune municipal expenditures (23).

Greens Are Nature People

Those who said they would vote for the Greens in the next local elections are interested in a candidate who will work for environmental protection (73 percent, the poll's highest percentage figure).

On the other hand, the Greens are not primarily interested in improving care for the aged (41 percent) or traffic safety (14).

Those who are going to vote for the SKDL [Finnish People's Democratic League] in the next elections consider environmental protection (57 percent) and reduction of local bureaucracy (47) to be important in their choice of a candidate, but not the pruning of local expenditures (20).

The Social Democrats support improvement of care for the aged (53 percent) and those who are voting for the Conservative Party would like their candidate to reduce local bureaucracy (46).

Members of the youngest age group, 18 to 24, would not like to prune expenditures (16 percent), nor are they really overly interested in improving care for the aged (37).

Members of the oldest specified age group, 50 to 69, would like to see traffic safety improved (30 percent) and also care for the aged (62).

A Total of 981 Interviewed

The Economic Research Company conducted the poll throughout the country from 6 to 19 April 1984. A total of 981 individuals were interviewed.

(1)		Äänestäisi kunnallisvaaleissa 1984		(2)		Ammattiyhdistä		(3)		Paikkakunnan koko	
(4)	5	6	7	8	9	10	11	12	13	14	15
5	Skdl	Kok	Kepu	Smp	Vihreat	10	11	12	13	14	15
Luonnon ja ympäristön suo- jelu (17)	49	50	57	46	42	49	73	38	47	52	49
Vanhustenhoitominen (18)	47	50	53	43	47	45	41	46	50	41	61
Yritystoiminnan tukeminen (19)	46	44	36	51	55	54	42	54	48	45	42
Kunnallisen hyökkäyksen va- hentäminen (20)	40	34	47	46	39	31	47	39	37	47	29
Yksityisen ihmisen vaikutus- mahdollisuuksien lisääminen (21)	39	38	42	38	38	43	50	44	35	43	38
Lasten päivähoitopaljojen lisääminen (22)	34	34	45	41	28	32	34	10	34	39	56
Kunnallisten vuokra- asuntojen rakentaminen (23)	32	39	45	24	27	30	41	16	38	27	27
Ajoiden käytelyyn nopeut- taminen (24)	32	30	38	33	31	38	25	35	34	29	24
Kunnan majojen karsiminen (25)	31	26	20	39	34	37	31	48	29	31	25
Nuorison toimintamahdollis- uuksien lisääminen (26)	28	28	29	31	34	17	30	22	27	30	21
Liikenneturvalaisten pa- rantaminen (27)	24	31	17	24	22	23	14	19	24	25	37
Katujen ja tieiden parantami- nen (28)	17	18	11	14	21	27	11	25	18	11	19
Liikunta- ja urheilupaljojen pa- rantaminen ja lisääminen (29)	15	17	19	15	14	2	15	12	15	14	17
Koululoiden parantaminen (29)	14	11	9	19	13	17	11	10	12	17	23
Paikallishenkien paranta- minen (30)	11	14	7	12	13	7	20	22	10	10	7
Kunnan kehittäminen mat- kaluukotteena (31)	9	12	4	8	12	2	3	11	8	10	5
Katuväläistukseksen lisääminen (32)	4	5	3	2	7	9	2	7	5	2	1

Key:

1. Would vote in the 1984 local elections.
2. Occupation.
3. Size of town.
4. All.
5. SDP [Social Democratic Party].
6. KOK [Conservative Party].
7. KEPU [Center Party].
8. SMP [Finnish Rural Party].
9. Greens.
10. Farmers.
11. [Blue-collar] workers.
12. White-collar workers.
13. Housewives.
14. Students and pupils.
15. Other towns [with a population of] over 80,000.
16. Under 10,000.
17. Nature conservation and environmental protection.
18. Improvement of care for the aged.
19. Support for business activities to increase the number of jobs.
20. Reduction of local bureaucracy.
21. Increasing the private individual's opportunities for influencing affairs.
22. Increasing the number of children's day-care centers.
23. Construction of local rental housing.
24. Acceleration of the handling of affairs.
25. Pruning local expenditures.
26. Increasing job opportunities for young people.
27. Improvement of traffic safety.
28. Improvement of streets and roads.
29. Improvement of school conditions.
30. Improvement of local traffic.
31. Development of the community for tourism.
32. Increase in the amount of street lighting.
33. Improvement and increase in exercise and sports centers.

Respondents were asked to list five of the 17 issues provided in order of importance. The figures show how much support in terms of percentages each topic received from every respondent and, after that, by groups of respondents.

This question was included: On this card are listed some of those issues that will be discussed during the fall local election campaign. Thinking in terms of how you will vote and your choice of a candidate, which of these issues do you feel to be most important of all? (The five most important issues were asked for.)

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CSO: 3617/168

ISSUES IN LOCAL ELECTION CAMPAIGNS SEEN FAVORING GREENS

Helsinki UUSI SUOMI in Finnish 13 May 84 p 6

[Text] Improvement of care for the aged (47 percent of those polled were for this) has risen all the way to second place as an issue in the fall local elections. Voters nevertheless regard nature conservation and environmental protection (49) as the most important issue.

In an UUSI SUOMI opinion poll nearly 1,000 citizens were asked what election issues they felt to be most important in choosing candidates for the local elections.

Support for business activities to increase the number of jobs (46 percent) occupied third place and the reduction of local bureaucracy (40) fourth.

The purpose of the opinion poll conducted by the Economic Research Company was to determine the election issues — at least the ones citizens view as being most important — that will come up during the next local elections.

Voters now appear to stress several groups of topics more clearly than others. In addition to the environment, emphasis is being laid on humanity and individuality as well as the sensible handling of local activities.

On the other hand, certain local construction and other types of activities are evidently regarded as being in fairly good shape. Improvement of streets and roads (17 percent), increasing the amount of street lighting (4), improvement of local traffic (11) and improvement of exercise and sports centers (15) received little support.

These are significant attitudes and reflect Finns' new way of looking at these things. Local services are felt to be sufficient, but more and more attention is being paid to their quality.

When the respondents are divided into groups, we obtain in part surprising results:

Farmers diverge the most from the general consensus. They rate nature conservation in their choice of a candidate as being less important than the others do (38 percent), while the item, support for business activities, received the most attention from them (54).

In Isotalo's opinion, one should not draw overly dramatic conclusions from the television program. "It's not up to me to interpret the president's speeches, but I believe he meant that changes in the government parties would be impossible. Not even the present government is on quite the same basis it was," Isotalo said.

Groups to Become Official

In his address to the executive committee, party secretary Isotalo proposed that the party's internal pressure group activities be officially recognized and endorsed. "it is in the party's interest to recognize individual groups' right to operate since they exist anyway," Isotalo said.

The groups Isotalo was referring to are Conservative businessmen, farmers, trade union people, researchers, peace activists and Swedish-speaking Finns. The Swedish-speaking Finns were already organized within the party. The businessmen organized a couple of weeks ago. They plan to form a wage-earners delegation soon. On Wednesday Isotalo proposed a peace delegation and he believes that it will be established this year.

According to Isotalo, the different delegations would in part replace the party's committees. Above all, they would be able to in their own names formulate positions on their own operational domains and get them published.

According to Isotalo, the delegations would be formed "through self-guidance," no strict limits would be set on the number of members and the party administration would not interfere with their makeup other than confirming it.

When the positions assumed by the different delegations on given issues are at odds with one another, the party organs: the party administration, executive committee and, as a last resort, a party conference, will in the end decide on the party's position.

Isotalo defended the granting of official status to the delegations on the basis of the fact that in the legislative process, for example, disputes between businessmen and wage-earners or landowners and environmental protectionists divide the party and in voting the scatter is readily apparent.

A typical example of a split within the Conservative Party was last winter in connection with the job security bill, on which the Conservative Party split in two in Parliament.

"Open consideration of the positions of the different opinion groups would, however, rid the party of the desire that has occasionally prevailed before to sweep controversial issues under the rug, where they just become critical," Isotalo said.

New Distribution of Youth Funds

Isotalo also proposed reform of the law governing state aid for youth organizations. The government parties' "unscrupulous, greedy grasping" has resulted

in the Conservative youth organizations' being left with much less than the government parties in the distribution of funds. According to Isotalo, the subsidy for political youth organizations must be separated from state aid for youth employment and such aid should be distributed in terms of parliamentary principles as state aid for women's organizations is.

According to Conservative Party reports, state aid for Conservative Party and SKDL [Finnish People's Democratic League] youth organizations has been cut in the proposal presented by the Youth Department of the Ministry of Education, but the government party, the SMP's [Finnish Rural Party], share has been almost doubled. All told, about 300 million markkas will be distributed. The proposal is at present being reported on in the National Youth Council. In the final analysis the government will decide on the matter.

The Conservative Party executive committee issued a statement on environmental protection. A couple of speakers felt that the subject matter of the statement was wrong and an indication of the fact that the Conservative Party is behind the times. They also saw in it a concealed stand on nuclear power. The official statement was, nevertheless, unanimously endorsed.

Based on a proposal by chairman Suominen, at the meeting they also decided to start working on a new platform that would shape the future. A "Conservative Finland 2000" will be formulated in extensive organization-level discussion.

After the party executive committee meeting, the Conservative Party reported on its preparations for the communal elections. The Conservative Party is nominating a record number of candidates and will beat the 1980 record figure of 10,700. The Conservative Party is entering into election coalitions with centrist parties in about 50 communes. It had them in 70 communes in the previous communal elections. The Conservative Party will enter the elections in 420 communes.

11,466
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POLL: HELSINKI GREENS MAY ADVANCE IN LOCAL ELECTION

Helsinki UUSI SUOMI in Finnish 18 May 84 p 7

[Article: "UUSI SUOMI Calculates Gallup Poll As Municipal Council Seats; Greens May Join Helsinki Municipal Council As Arbitrators"]

[Text] The Greens may advance to the position of pointer on the scale in next fall's municipal elections. This is apparent on the basis of a calculation UUSI SUOMI had made, in which the results of the Finnish Gallup Company's latest opinion poll were converted into those corresponding to the situation in the capital district.

Based on the poll, this calculation primarily indicates the direction in which the development of support is moving. If the calculations made for UUSI SUOMI are realized in the elections, Helsinki's political pace will change during the next municipal council term from 1985 to 1988. The Greens' position as the pointer on the scale will shatter the strength of the traditional nonsocialist majority.

The traditional parties will lose 15 council seats from their support base, seats that will probably go to the candidates of the SMP [Finnish Rural Party], which is certainly suffering from a declining support trend, and above all to those of the Greens.

On the basis of the calculation, the biggest losers in Helsinki would be the Conservative Party and the SKDL [Finnish People's Democratic League]. On the other hand, the SKDL's declining support trend emphasizes the dominant strength of the SDP [Social Democratic Party] and the Conservative Party as the two biggest parties, but, forging ahead of the SKDL, the Greens are emerging as the third biggest party.

"Sense of Responsibility and Populism"

Populism, which has badly inflamed the atmosphere of Helsinki's municipal life, is regarded as a headache by powerful officials' so-called traditional parties in Helsinki. The debate engaged in over the subway is mirrored in the election campaign preparations, in which parties that regard themselves as having a sense of responsibility, have gotten closer to one another.

According to the latest polls, support for the Greens really appears to be swiftly growing and correspondingly declining for all the old parties, including among them the SMP [Finnish Rural Party]. Here as elsewhere too, the upset in values is clearly behind the support for the Greens.

All the parties are now trying to be so green, but, according to the polls that have been conducted, Greens voters do not appear to have very much confidence in the candidates of the old parties, so merely picking up uncommitted points will probably not enable either the parties or their candidates to succeed.

With respect to age groups and other background variables, voters seem to differ from one another considerably in the extent to which their values have been upset. According to this and other polls, the Greens are young, highly educated and live in large population centers. With working-age people, like farmers and those who live in areas where the risk of unemployment is higher, emphasis is laid on protecting jobs instead of on protecting the environment.

Candidates Are in the Limelight

The coming local elections will, however, be very interesting since general issues like reduction of local bureaucracy and increasing private individuals' opportunities to influence affairs are very new as important issues and it is not very easy to find any formulas to resolve them in the parties either. In this new situation candidates are in the limelight more than they were before. Certainly the practice that arose during the parliamentary elections, namely, when the voters elect a new candidate instead of electing an old, dependable one, will continue to be applied and there will be a great deal of airing of the matter in the local councils.

The entire local administration is facing new challenges with regard to how the new candidates and the local councilmen who are to be elected can somehow introduce new ideas to administrative procedures. Many classic authors in the field of political analysis feel that the mission of politics and politicians is to transfer the new values into an artificially rational administrative practice.

The generation gap will, through the upset in values, come up to an ever-increasing extent in politics. The upset in values is not only evident in the struggle among the parties; it particularly affects the interior of each party. Especially in the parties of the Left, disputes between the old wing and the younger members who are moving in the direction of the new upset in values may yet heat up into real clashes since the nuclear power issue, for example, divides us here more within the parties than it influences interparty relations.

11,466
CSO: 3617/168

POST-ELECTORAL ISSUES ARISE WITHIN PASOK, ND

Two-Month Political Freeze

Athens I KATHIMERINI in Greek 20 Jun 84 p 1

Excerpts Efforts are being put on the two major parties to prevent them from taking precipitous actions such as a government reshuffle or making changes in personnel or tactics that would come into direct conflict with the projection of the electoral results as a victory over opponents. Thus, such actions are being put off --at least for 2 months-- so as to permit the parties to become disassociated from the results of the Euro-elections. Specifically, intense efforts are being put on the government --that saw its electoral strength decrease by 15 percent while ND's strength increased-- to have it overcome the shock of the electoral results and to give public opinion a picture of a government that is strong and sure of itself and its future. It is characteristic that yesterday a government spokesman repeated --as if the prime minister's successive statements were not explicit enough-- the government's satisfaction and provided a first political analysis of the electoral results.

Within the context of a "show of confidence" the following must be noted:

- a. The explicit statement that the government's intention is to have parliamentary elections in October 1985.
- b. The explicit denial that a reshuffle is imminent --not including, of course, the reinstatement to the Ministry of Interior and Ministry of Justice of Messrs Koutsogiorgas and Mangakis who will be sworn in tomorrow. Also the clarification that other measures will be taken besides the expansion of the KYSYM Government Council for the purpose of bringing about more effective management of the government.
- c. The declaration that the government will continue for the duration of its term in office the implementation of its planned positions (that means that it does not intend to modify its policies especially in the economic field).

Contradictory Points

This picture of "confidence" that the government wants to instill is nevertheless dispelled by the following facts:

1. No party --not even the major opposition party-- is bringing up the issue of premature elections. Consequently the government's assertion has transparent objectives.
2. Although a reshuffle is being denied, the government admits that there is still mismanagement in the conduct of the government's work that will be confronted through an expansion of the KYSYM and also through other measures that will be taken in time. In this way, however, the government is doing nothing else but confirm that uncertainty continues to be its main characteristic although it is now nearing the last months of its third year in office.

Fotilas Resignation Causes Surprise

Athens I KATHIMERINI in Greek 22 Jun 84 p 1

/Excerpt/ Yesterday the government suddenly announced the resignation of Deputy Minister of Greek Emigrants As. Fotilas without publicly giving any further explanations. The government did not offer any clarification on when and for what reason it made Mr Fotilas resign only 4 days after the Euro-elections nor why it made the sudden announcement at 9:30 pm yesterday. This resignation is the second that Mr Fotilas "has undergone" following the first one in the first part of 1982 when as deputy minister of foreign affairs he was informed of his "dismissal" on television. Political observers interpret this action by Prime Minister A. Papandreu as an attempt to frighten ministers and deputies who might want to criticize the electoral results and particularly over the polarization tactics followed by the government. Besides, the newly-elected members of the party executive office, after a meeting on the evening of the day before yesterday, asked for a listing of responsibilities for the pre-electoral campaign.

The government issued the following statement in connection with Mr Fotilas' resignation:

"Deputy Minister of Greek Emigrants As. Fotilas has submitted his resignation which has been accepted by Prime Minister A. Papandreu."

The information bulletin EMBISTEVTIKO GRAMMA that is sent out to subscribers had reported some 3 weeks ago that Mr Fotilas had submitted his resignation and it added that another four ministers and deputy ministers had also submitted their resignations without, however, giving their names. The EMBISTEVTIKO GRAMMA added that Mr Fotilas would resign immediately after the elections regardless of their results.

Political observers feel that the resignation of the deputy minister, especially in the sudden way it was announced, is connected with serious disagreements existing within the government and in high PASOK levels. Besides, warnings being put out by pro-government newspapers are also considered as opposition by the government to such disagreements.

The first serious criticism against the tactics employed by the government in the pre-electoral period was made by newly-elected members of the PASOK executive office, namely Messrs K. Simitis and D. Rokkos, during a meeting held the day

before yesterday. Their criticism centered primarily on the polarization tactics followed by the government by maintaining that the low PASOK percentage was due to the fact that they accepted the "scheme" --as they called it-- of Mr Averof for an "out and out" reckoning.

They took care not to include Mr Papandreu in their criticism but they did criticize the party secretariat troika, namely Akis Tsokhatzopoulos, G. Gennimatas and K. Laliotis for lack of political understanding.

Both of the above-mentioned party cadres entered the party executive office after the congress in which they received the first places in the balloting for the central committee. They previously did not occupy positions in high party organs but had actually been demoted by the prime minister.

The Simitis Case

In 1979, Mr Simitis had been informed through the press about his resignation from the executive office, while Mr Rokkos was removed from his post as secretary general of the Ministry of Education last fall.

The three men of the party secretariat answered that the electoral results were positive and they suggested that the government make a move toward the centrists so as to break the power of the small parties.

According to the same information, Mr Mavros has once again been making efforts to establish a centrist party, either the old PARKE /Array of the Center/ or another one.

Nevertheless, both government officials and centrists feel that such moves as being directed from Kastri /prime minister's home/ for the purpose of cutting off any possibility for criticism of the government by centrists.

These developments are being interpreted as a complete acceptance by Mr Papandreu of the suggestions of the "troika" which is considered as the instigator for the creation of the Small Ministerial Council with the participation of Mr Laliotis on the KYSYM. In this eventuality, according to the view of other ministers, the ministerial council will officially have a mere cosmetic role while the government apparatus will completely come under the party.

The same political observers believe that the announcement on Mr Fotilas' resignation last night was done so as to permit Kastri to frighten other ministers from criticizing the electoral results in today's ministerial council meeting. Besides, Mr Fotilas had repeatedly criticized various government measures during ministerial council meetings.

Centrists' Recruiting Reported

Athens I KATHIMERINI in Greek 22 Jun 84 p 1

/Excerpt/ Intense efforts for attracting cadres from centrist parties decimated during the recent Euro-elections are being undertaken by PASOK in contrast to New Democracy which has up to now at least not succeeded in exploiting the disastrous results on the centrist parties.

From PASOK's standpoint, these efforts have been attributed to Mr Georgios Mavros and to Mr Th. Karatzas, the centrist administrative adviser to ETEVA /National Investment Bank for Industrial Development/ who have over the past 24-hour period of time been telephoning and trying to persuade Center cadres especially those in KODISO /Democratic Socialism Party/ to join the government party.

Indicative of the efforts being undertaken by Mr Mavros and Mr Karatzas is the fact that they are trying to be as convincing as they can in their arguments toward centrist cadres. To this effect they (a) assure those whom they approach that their initiative is being taken without the prime minister's knowledge and that they are acting on their own as former centrist cadres, and (b) promise that they are making continuing efforts to persuade Mr Papandreu to really lend a centrist image to his party with a policy of a more conservative "structure and more centrist line."

It has been noted that the telephone calls that Messrs Mavros and Karatzas have been making to centrist cadres are the same in content. Specifically, they begin with exhortations such as the following: after the centrists suffered such disastrous results brought on through the inevitable polarization they should now realistically think about joining PASOK (a) so as to survive politically, (b) so that the centrist wing of the party might be strengthened and (c) so that the government might be positively influenced to adopt more conservative directions. Also, so that the sounding out of centrists might be more enticing, questions are being put to those approached as to their having any possible aims in obtaining government positions or their participating in party coalitions in the next parliamentary elections.

Centrist Activities

In the meantime, contacts and discussions of cadres, deputies and politicians of various former centrist parties have once again resumed to discuss the revival of a centrist party. These contacts are taking place among cadres who had staffed the Unifying Movement of the Center and who had suspended their activities during the course of the pre-electoral period.

The significance of a centrist party was stressed by Mr N. Venizelos, president of the Party of Liberals, in a statement made yesterday, as well as by the Panhellenic Coordinating Committee of the Unifying Movement of the Center. At any rate, the contacts are still in their initial stages and aim at spotting all the various political tendencies existing in the Center. At the same time, it has been noted that the leaders of the small parties have not been offering opposition as happened before the elections.

ND Deputy Asks for Leadership Change

Athens I KATHIMERINI in Greek 21 Jun 84 p 1

/Excerpts/ Mr E. Averof, president of New Democracy, levelled strong criticism on the government yesterday stressing that PASOK has lost the majority and is backing on the KKE. Mr Averof thus proclaimed the undertaking of an enlightenment campaign in view of the parliamentary elections. Mr Averof's statement was made while the PASOK executive office, under the chairmanship of Mr A. Papandreou, was going through a tough trial in its effort to pinpoint the responsibilities for the electoral results and to determine the policy the party should follow in view of the parliamentary elections. The view that ND is going out on a continuing offensive at the very moment when PASOK, in a period of uncertainty, is losing its chances for taking initiatives, has been shaken by the news that Mr Th. Sofoulis, ND deputy from Samos, sent a telegram requesting the replacement of the ND leadership. The ND president reacted at once by stating that the deputy "had placed himself outside the party" and that he is being summoned today before the disciplinary committee with the question of his being dismissed from the party.

Most of the ND party cadres are said to be in agreement that the basic principles of ND's tactics should be the following:

- Constant readiness "for elections at any given moment" with the first milestone --theoretically at least-- being next October (regardless of the fact that this does no longer seem possible).
- Constant exploitation of the government's counteractions and of its handling of affairs during this period.

Situation Within PASOK

During yesterday's meeting of the PASOK executive office Prime Minister A. Papandreou encountered difficulties in evaluating the government's policy and in listing responsibilities for the electoral results.

According to published reports, most members of the executive office tried to place responsibility on the polarization tactics that the party followed during the pre-electoral period. At any rate, prior to the meeting quite a few parliamentary and other cadres had expressed strong complaints to the party leadership over the tactics it followed. Indeed, many deputies came to Athens despite the fact that the Chamber of Deputies had adjourned and they publicly maintained that the PASOK percentage climbed only because of their own intervention the last days before the elections.

They attribute responsibilities for the showing of the government party exclusively on party officials who were controlled by members of the executive office. They place greater responsibility on the three-man secretariat of the executive office, namely Messrs A. Tsokhatzopoulos, G. Ginnimatas and K. Laliotis who, as they charge, planned the pre-electoral campaign down to the last detail. The official line throughout the country was to facilitate appearances of party officials and to "leave" parliamentarians "to their own fate."

It is the first time since the big purge of 1975-1976 that Mr Papandreu is encountering so many difficulties within his party and indeed in the high level party echelons. He is also encountering difficulties in organs in which there are members he himself had appointed after the recent PASOK congress.

According to the same information, two trends have already formed within the executive office. The first proposes the establishment of a centrist policy and thus admits to the failure of the polarization tactics. The second proposes the adoption of a still more leftist policy that would aim at attracting voters from the two communist parties.

ND Deputy Expelled from Party

Athens I KATHIMERINI in Greek 22 Jun 84 p 1

/Excerpt/ The ND disciplinary council in a unanimous decision yesterday expelled from the party Samos Deputy Them. Sofoulis describing his well-known telegram as a serious anti-party action. In this telegram he had called for the resignation of the entire ND leadership.

The Sofoulis case was also discussed at a meeting of the ND political council that met (at 10:30 am yesterday) prior to the meeting of the disciplinary council. All the members of the political council criticized the deputy's action. There were, however, objections to the statement by Mr Averof the day before yesterday according to which Mr Sofoulis was being sent before the disciplinary council. Specifically, the description of the deputy's action as "treason" by the ND president was judged to be too severe. At the same time, however, another objection was voiced over the handling of the issue by Mr Averof. It was maintained that Mr Averof's statement of the day before yesterday ("he has placed himself outside the party") prejudged the decision of the disciplinary council.

This view was expressed by Mr Mitsotakis who stressed that he was opposed to Mr Sofoulis' action but that because of Mr Averof's statement prejudging the decision of the disciplinary council he would not attend its meeting.

In fact, as mentioned in the announcement, the disciplinary council was finally composed of the following: Messrs Kon. Papakonstandinou (chairman) and I. Lavrentidis, G. Stamatis, G. Vogiatzis and A. Taliadouros.

Objections

Mr Sofoulis' dismissal by ND deputies has been commented on as inevitable but also as well-deserved taking into consideration his surprising action. Nevertheless it should also be noted that the deputies' objections were never as sharp as Mr Averof's statement.

Moreover, the disciplinary council itself avoided sharpness. On the other hand, the government party aligned itself completely with this sharp line. Characteristic of this is the following ND statement:

"Hundreds of telegrams from party organizations and members are reaching the ND central administration in which the effort by Samos Deputy Th. Sofoulis to degrade ND's success and the meaning of the corresponding PASOK failure is strongly condemned as uncharacteristic, deceitful and suspect.

"These telegrams express faith and confidence in Mr Evangelos Averof, the party leader, who, as stressed, led the party to victory and will very soon lead it to a definite triumph."

Statement by Person Dismissed

In a statement issued yesterday Mr Sofoulis denied the charges attributed to him and added among other things that his proposals "do not constitute anti-party conduct. They are an expression of opinions that echo the desires and hopes of our party's fighters." The deputy stated that he will continue fighting for the constitutional principles of ND.

Parties' 'Moratorium' Agreement Denounced

Athens I KATHIMERINI in Greek 22 Jun 84 p 4

Commentary by G. Karagiorgas: "Moratoriums"

Excerpts Four "moratoriums" or four "coincidences" that ended up to the detriment of the voters were noted following the electoral results of last Sunday.

The "coincidences," however, do not hold up to logical interpretation. Assessments that have been made conclude with the certainty that they are "moratorium" type agreements that are judged to be not permissible vis-avis the fanatical voters. Especially vis-avis those voters who had been made into executive organs in the "doping" operation that was organized and implemented by the two major parties, i.e. ND and PASOK.

The first time the people were surprised when the Euro-election slates of the two parties, after prolonged indecision and mysticism that had no practical meaning, were announced almost simultaneously as if some previous understanding between the two parties had been arranged.

That time-wise coincidence on the announcement of names caused surprise. There were many discussions. Many conjectures were heard and many opinions were expressed over the reasons that dictated these tactics which for many people were deemed as inexplicable.

The common sense of the majority of the people rejected the rumor that the supreme arbiter of the land had kept the last word for himself. And even as an issue it was deemed blasphemous since it mainly affected the party leaders and subsequently everyone. If a party leader does not have the authority and does not have the power to put forth personalities of his own choice but obsequiously accepts "those imposed on them," then why was there a reason for such melodramatic appearances before hundreds of thousands of party followers?

The people's sense of feeling rejected this possibility through instinctive concern. However, before justifying what is unjustified, here comes the second coincidence. It was the identical exclusion --as had been shown-- from the Euro-election slates of those --belonging to either PASOK or ND-- who had succeeded in bringing honor to their mission, themselves and their party as committee presidents honored by the community. Men and women such as Gontikas, Papaevstratiou and Popi Nikolaou. They stood out, they distinguished themselves and they brought honor on us.

Subsequently and after public opinion showed displeasure the two parties of ingratitude apologized by invoking the expediency of renewal. Here too new successful Euro-deputies were sacrificed instead of being rewarded for their international recognition.

However, they did something even worse. They abandoned them uninformed and ignorant in the trial of unseemingly anticipation. They delivered them to the hidden mockery of their entourage when, as all of them, were informed of the new Euro-election slates over the radio. The handling of this same issue by both parties was identical.

If, however, there was so much sympathy and impatience for renewal (of new blood made up of pensioners, economists and psychiatrists) on a listing that was not so effective for the political developments of our country, then why did not the aged leaders themselves give an example first of all?

There are so many reasons that could be invoked for such a decision. Let us, however, let this fact go by even by digressing.

There was a third "coincidence" that also looks like a preagreement, i.e. a moratorium, and that was the concurrent disappearance of the candidates. They neither appeared nor were they heard.

It was, however, a duty, a gesture of magnanimousness for the party leaders to present them themselves. To let them speak, to stand next to them and to "admire" them.

They owed this democratic demonstration that although they represent us they are indispensable from above.

A fourth moratorium was the official deep silence that prevailed in the two noisy parties after the results of the elections were announced.

The pre-electoral uproar has now been followed by whispering that is daily becoming more monotonous and more "targeted."

The people's surprise and dissatisfaction are not due to the electoral results. They stem from the gloomy affliction of defeat shown in the faces of the leaders who were taken by surprise and were depressed because they had not seen nor had any inkling of reality.

The results showed us that instead of taking 10 steps forward PASOK "backtracked" seven.

Instead of taking 20 steps forward ND took only three "while marching in place."

Nevertheless, the three trembling and aged steps represented a victory, a big victory, that brought it to PASOK's doorstep since it grabbed from it seven bastions that are critical for its defense.

And what happened the next day? Absolutely nothing. Instead of an assault being launched we have fallen into quiescence, into an armistice, into a moratorium, while the militants of the party that gained the three difficult steps are waiting in vain for the signal for a new struggle that was in keeping with the proper, decorous and composite choice of the people.

ND, victim of the cleverness of PASOK that has never been respected either as a leadership or a popular power, fell into the trap of a moratorium until the opponent recovered from the blow, regained its strength and entered the battle of impressions.

And what are they? The proclamation of measures of state parsimony, the famous limitation of ministries and the ingeniously propagandistic "opening" toward the "Center conservative" party so that the 20 steps that ND had cut off at its knees would be guaranteed through "reconciliation" and "cooperation" that it is trying by fraud to attain --and helped by the moratorium.

But if it were not a question of exploiting success why were 2.5 million people mobilized and so many billions of drachmas squandered? To gratefully help in PASOK's "opening" - godsend?

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CSO: 3521/276

COMMENTS, CONTROVERSY ON NEW 'EANIST' PARTY CREATION

Eanes Speech Key Points

Lisbon TEMPO in Portuguese 14 June 84 p 13

[Text] The administration's retreat on the reorganization episode well speed up the Eanist party formation process. "The executive branch was unable to reshape itself and gave itself an image of excessive frailty," a member of the group working to prepare the Abrantes meeting, scheduled for 30 June, commented to TEMPO.

An administration which cannot overcome political patronage is a weak administration and has no credibility, our source added. "This is worse than I thought."

The engines are running down a little more than 2 weeks after a meeting that was supposed to be "decisive" for the start of a new party inspired by the person of Eanes. There is no lack of fuel: The economic crisis, the administration's credibility, and the speech made by the president of the republic during the ceremonies marking 10 June.

This was an interesting speech and one of the most important which Eanes gave during the 8 years of his term of office. The president many times commented on the ideas so insistently developed by the CNARPE [National Committee for the Re-election of President Eanes] people (see the interview with Herminio Martinho in our edition of 17 May of this year).

There are four sentences in the speech given by the president at Viseu which can be the key to the thinking of the men who want a new political party.

1. "By virtue of the lessons already learned, with the help of a review of the mistakes that were made and through a calm analysis of the results, it is now easier to identify the vital points of the solutions that are possible in Portugal."

2. "No political solution will be successful if it is not the profound expression of the country's social reality."

3. "The Portuguese population can be mobilized for national undertakings. It is in this context that the specific problems must be approached in a healthy

framework of national values, of the assertion of the country's cultural heritage, of confidence and pride as expression of an independent nation."

4. "I realize that the social and psychological conditions exist for the country to transform itself and for the nation to recover from its traditional disbelief in its own capacities."

The Eanes speech can be taken as a green light for the designs of those who see the only alternative in the creation of a new party. When the president says that "The effectiveness of our political institutions and the very meaning of the social representation which the political parties must express are now at stake," he clearly wants to say that the bodies of sovereignty have lost credibility and that the political parties have lost the electorate.

This same approach is being used by the CNARPE people. They say that "The country will not find itself if a new party does not spring up and if the party spectrum is not changed."

With the birthdate yet to be made known, the new party will get started after 30 June. The strict timetable for the operations will be spelled out in Abrantes, in the presence of delegates from the former CNARPE from all over the country.

The think-paper to be presented at the end of this month is practically ready. In addition to this text, another one will certainly deal with the comments of the delegates at Abrantes, that is, the encouraging speech by Eanes.

In spite of the silence which they have imposed upon themselves and in spite of the efforts made by his supporters to "stand on the sidelines," the president of the republic has already said "yes" to an alternate solution. Quoting his words at Viseu, "The success of any political solution right now also resides in unlimited confidence in the Portuguese."

Economic Situation Determining Factor

Lisbon A TARDE in Portuguese 18 Jun 84 p 5

[Text] Gen Ramalho Eanes, it was said in circles linked to Belem, is waiting for the release of the economic recovery plan being drafted by Finance Minister Ernani Lopes before giving the "green light" for the immediate start of the political formation."

According to those sources, General Eanes and his "general staff" at the beginning of last week drew up an economic-financial situation estimate for the country similar to what was presented by Ernani Lopes and this could delay the formal launching of the new political force if it were to be considered that the finance minister's project has a minimum degree of viability.

Disapproval Expressed

Lisbon A TARDE in Portuguese 19 Jun 84 pp 1,6

[Text] There was a time when Belem and its propagandists (some of whom were rather naive while others were not at all) were trying very hard to say that the CNARPE did not exist because it was dissolved automatically after the re-election of President Eanes which after all had been the only objective of its creation. When there was talk about CNARPE as an active reality, this was obviously intended to convey the idea that it was a destabilizing factor, a euphemism which among other things was supposed to refer to the term "re-actionary."

The months and the years kept passing and where we would once upon a time write CNARPE we now write ex-CNARPE but the organization continued to function although it had been "dismantled." The MAD used its facilities as long as it could but from a certain moment on it became evident that the club of engineer Pintasilgo was moving along lines that limited the field within which the aspirations of the Eanists could be fitted.

And then, as if by a miracle, the CNARPE was reborn without the "ex" which it had adopted, somewhat shamefacedly; now, not a single week passes that we do not hear that its enthusiastic members (we are not yet calling them militants, but we will get there) are meeting. The last report, released by the press, specifically tells us that "The district commissions of Guarda and Castelo Branco of the CNARPE" last weekend at Covilha concluded that it was urgent to create a "political alternative capable of providing for the economic and social growth" of the country.

Some apparently well-intentioned people are asking themselves in view of this commotion as to what the "ideology" of the alternative, mentioned by the CNARPE people, really means. This is undoubtedly a good question. But the answer is entirely too obvious to justify any concern. What we are dealing with here is the ideology of muddling through, the ideology of all of these glorious traditions in this poor country, planted in the garden of misery.

Things being what they are--to use a phrase so dear to a certain segment of the press--we should not be astonished that the immediate future should smile upon such "ideologs." Let us just hope that it does not last another 48 years.

Pintasilgo Not Considered

Lisbon EXPRESSO in Portuguese 16 Jun 84 pp 1, 24

[Excerpts] About 200 CNARPE activists on 30 June, at the S. Miguel de Rio Torto (Abrantes) firing range, will draw up the schedule of stages for the formation of the Eanist party. One of the organizers told EXPRESSO that this includes an analysis of a document which was drafted by ten persons selected a month and a half ago during an initial meeting in Tomar.

One implicit aspect is that, if the party is fully to attain the objectives it has proposed for itself, then a personal commitment and clear support from Eanes will be absolutely necessary. That position however does not yet completely agree with the position of other activists--especially those living in Lisbon--according to whom the party "will advance with or without the support" of the current president. These two lines of thinking moreover reacted differently to the 10 June speech, with the former thinking it was quite normal while the latter was somewhat disappointed.

Ramalho Eanes keeps following the development of preparations attentively but somewhat remotely and, according to some sources, "has adopted a wait-and-see attitude." Right now, as a matter of fact, everything is in the hands of the CNARPE promoters; if they manage to set up a solid structure, Eanes will not fail to show himself.

This will raise the already old question of how the president of the republic can reconcile his official functions with a party commitment after having been re-elected as a candidate who stood above parties. In the last issue of O JORNAL, Jose Carlos de Vasconcelos (one of the CNARPE activists) proposed that the president of the republic resign in case of a failure of the central bloc. If this were to materialize, Eanes could not avoid resuming a political initiative on the executive level, this time in new form.

Three Candidates Barred

The initial tactic of the Eanists consisted in launching a presidential candidacy so that, in case of a victory, it would be possible to dissolve parliament and call general elections. In the meantime, the country's political and economic situation has imposed a fundamental change. "The idea that the coalition could not last until the presidential elections causes us to think right now of moving on to the creation of the party, even before we have a definite candidate for the office of president of the republic."

An organizer of the Abrantes meeting told EXPRESSO that the candidate will not be drawn from any of those who have come out in the surveys. There are two or three assumptions--and one of them is a military assumption. According to that same source, this would rule out Lourdes Pintasilgo and Salgado Zenha. As for Firmino Miguel, his discreet support for Soares Carneiro in 1980 removed him once and for all.

On the other hand, the reaction of the leaders of the central bloc to the Tomar meeting causes its promoters to assume that "things are even worse than they thought." This--the source emphasized--leads to the idea that the party's creation must be approached with the double caution so as not to risk a failure which "in the country's current situation, could have dangerous consequences."

Meanwhile, this weekend, in the vicinity of Covilha, the activists from Guarda and Castelo Branco are scheduled to meet in order to prepare the Abrantes session in what was defined as a "brainstorming session," similar to the other three held in various districts.

Eanes Weakness Stressed

Lisbon O DIABO in Portuguese 19 June 84 p 2

[Article by Jose Miguel Judice: "Presidential Preoccupation"]

[Text] Well-informed newsmen say that there is some disturbance in Belem. It seems that General Eanes has (legitimate) ambitions for playing a political role after his term of office expires and it also seems that he is profoundly preoccupied with the most recent developments which are shaping up along the lines of the CNARPE. It also seems that General Eanes is rather fearful as he notes the popularity of Maria de Lurdes Pintasilgo and the possibility that she might get to be a presidential candidate when the left-wing Eanist sectors meet. This latter fear has to do with the fact that this candidacy could be the probably result of a polarization to the left of sociological "Eanismo," the destruction or the limitation of the possibility of institutional Eanismo from becoming a party or movement that would cover a very broad political spectrum and that would be rooted in the left and in the right, in the center, and a little bit everywhere.

These are matters of concern and we will now take them up, one by one. The first preoccupation is already traditional within Eanismo. In each situation, there is usually a clash between the energy, the volunteering drive, and the offensive determination of the political cadres who more or less gravitate toward the president of the republic, and the caution, the fear, the half-heartedness, or whatever with which the president (doesn't) act. The important thing in the current situation is that it seems that, for the first time, those who are disappointed with presidential "calm" are not getting irritated, are not rushing forth to volunteer, or are not staying calm in order not to separate themselves from the Eanist magma. For the first time it seems that the "Eanists" are not prepared to wait for the presidential green light and it seems that the more or less diffuse flashing light is enough for them.

This means that, for the first time, the Eanist troops feel stronger than their commander, so strong, as a matter of fact, that they think that they can impose a pace, a style, and even an action position upon him. This is why one can say that "Eanismo" has never been as weak before. On the one hand, of course, because the strength of a myth is always greater than the strength of any reality. But on the other hand--and this is the original point here--because, in terms of his future political action, Ramalho Eanes also appears to be getting ready to move along in the wake of events, denying the fundamental maxim of leadership which is that a leader must permanently listen to his men. But he and he alone must make the decisions.

The second point of concern has to do with the prestige of Maria de Lurdes Pintasilgo. The former attorney for the Corporation Chamber has gone her ideological way--and nobody can argue with her on that--but oddly enough she did so along a trail which has to do more with the corporativism of association than many people might think. But it is not because of this that she is important here. It is true that Pintasilgo is a politician of the far left today because she has placed herself to the left of the PCP [Portuguese Communist Party] in terms of preferential mobilization.

The possibility that Pintasilgo might turn out to be the Otelo of 1985 seriously worries the PCP, also because the engineer is more capable than the famous major general and emblematic and populist figure, but without any idea whatsoever in that head. The idea that Pintasilgo might become a presidential candidate seriously worries President Eanes, although of course for reasons different from those of the PCP. The engineer survives politically in spite of Ramalho Eanes. This means that for the first time in the history of sociological Eanism there is a personality who has a future at its head, if she so desires, in spite of and, if necessary, against the will of the holder of Eanist legitimacy. This is yet another signal of the weakness of Ramalho Eanes also because Pintasilgo was his own creature when he appointed her prime minister in 1979.

For somebody who is nearing the end of his office and who, begin unable to run again, has to cast aside the office of president in order to live by himself and by his own means, this preoccupation does not look particularly good. You are dealing with a weak and weakened man when you speak of Ramalho Eanes and this is only confirmed by these preoccupations.

You are dealing here with a weakened man because he does not know what he wants, where to go, and who should go with him. If Ramalho Eanes were different from that, he would not have passed up so many opportunities to act, especially during the initial phase, when his intact prestige could have enabled him to prevent the country from running aground, as is happening now. I deliberately take up this point because, although forgotten, certainly without any bad intention, by Carreira Bom, I was one of those who supported Ramalho Eanes and I then stopped supporting him, becoming one of his most severe critics ever since the first Mota Pinto cabinet. But it is true that Ramalho Eanes is the man chiefly responsible for the state of affairs that has developed in the country and this must never be forgotten. Was it not he who, 8 years ago, in Porto, declared that, if he had not been prepared to prevent the country from running aground, he would have just stood by and waited at his post as chief of the army general staff, taking power afterward without any difficulty? Did he not at that time know about the expectations which he frustrated, about the inaction and the bad action through which he pictured himself? And is it not now also because of this that, in the end, not even the "Eanists" trust him to the point of waiting for his orders?

New Party Formation

Lisbon DIARIO DE NOTICIAS in Portuguese 22 Jun 84 p 3

[Excerpts] The draft of a manifesto-program for a new political party coming from persons connected with the former CNARPE is now being drawn up and its public announcement is scheduled for the end of the month, during a meeting to be held in Abrantes.

This information was disseminated by ANOP [Portuguese News Agency], mentioning a "source from the ex-CNARPE."

According to that source, the objective of the men in charge of this movement is the prior establishment of an organization in the province in order "to grow from there to the big cities, contrary to what is happening now."

It is also believed that the objectives are those which are best suited to the national interest, thus not constituting an imported blueprint but rather a truly Portuguese idea.

In this connection they maintain that the fear of the leaders of the main political formations is quite "visible" in the face of this initiative and they note that the PCP "is not fighting only because it has no alternative." They finally believe that "the APU [United People's Alliance] will lose a good part of its electorate to the new party."

5058

CSO: 3542/62

CATALAN SOCIALISTS DISTANCE THEMSELVES FROM PSOE

Madrid ABC in Spanish 1 Jun 84 p 19

[Article by Enrique Serbeto]

[Text] Barcelona--Sectors of the Socialist Party of Catalonia (PSC) are insisting on the "necessity" to distance themselves from the PSOE [Spanish Socialist Workers Party] because they believe that excessively close association between the two parties has produced negative results. Francesc Ferrer, socialist senator for the province of Gerona, has made a statement to that effect to this newspaper.

Francesc Ferrer, socialist senator from Gerona, was one of the signers of the statement published by the local press last weekend which demanded a wider field of action for the Catalan socialists within the PSOE, beginning with elimination of the bracketing "PSC-PSOE."

Ferrer believes that "we are not asking for anything new, only for the terms of the unification agreement to be carried out--which defines the PSC as a sovereign party which has federated itself with the PSOE on subjects of a national scope."

According to Ferrer, this is a process which goes back to the socialist victory in the 28 October elections: "In view of that victory, we placed ourselves psychologically under the command of the PSOE." The recent autonomous elections, however, involved a defeat which many people think was just what originated this attempt by the Catalan socialists to "distance themselves." "The debate blames the electoral defeat in part on the impression of dependency that we have given--which could have caused the electorate to lose confidence on seeing a Generalidad administered by the socialists."

Because of mistakes made by the Madrid government," he goes on, "such as the appeal against the law on Catalan, the one on ceremonies, or even the LOAPA [Organic Law for Harmonization of the Autonomies Process], an image of the PSC has been created which does not correspond to what is really going on inside it. This, however is something which Pujol has known very well how to do."

This process of creating a distance between the PSC and the PSOE, which from the time it came to light in Gerona has widened the debate to Lerida and other districts, will undoubtedly come up in the meetings of the National Council on Saturday. What might be the reaction of the Madrid circles of the PSOE?

"From what I have learned, two conceptions of the party exist in Madrid--there are those who believe that everything boils down to problems of the class struggle; and there are those who believe that the nationalist component is also very important. The two groups ought to resolve their differences, and in this sense the recent election results give us a lot to think about." Ferrar as a politician is very concerned about promoting the Catalan language. Every year he proposes an amendment to the General Budgets asking for the same aid to be given to the international dissemination of Catalan as is received by Castilian Spanish; and recently he has had conversations with Minister Baron about allowing telegrams to be sent in Catalan outside of Spain without the need of paying a surcharge.

8131
CSO: 3548/266

PSOE'S CASTELLANO FOR CUETA, MELILLA DECOLONIZATION

Madrid ABC in Spanish 13 Jun 84 p 21

[Article by J.R. Unzue]

[Text] Pamplona--Pablo Castellano, one of the socialist deputies most critical of the government line followed by his own party, who is customarily characterized by his outspokenness, has questioned the reason for Spain's "continuing its colonial presence in two cities such as Ceuta and Melilla, which geographically are in the Kingdom of Morocco."

Castellano also accused the government of not carrying out its election platform and described as "false" the arguments being advanced to justify Spain's remaining in NATO and to bring about its entry into the EEC.

During a question-and-answer meeting for PSOE [Spanish Socialist Workers Party] activists, he said, "The government is not carrying out its election platform and is not changing the previous government structures which are now stronger." Castellano acknowledged that he voted with his party on questions of internal discipline; and with respect to the alleged threats to the peninsula from a neighboring country, he asked to know the reason for "Spain's continuing its colonial presence in two cities such as Ceuta and Melilla, which geographically are in the Kingdom of Morocco."

In remarks which were reported by DIARIO DE NAVARRA, Castellano accused the PSOE and PCE [Spanish Communist Party] of accepting these situations for electoral reasons and said that he was in favor of "the peoples of both cities living together with their kingdom."

"The reason and arguments for recovering Gibraltar," he said, "are contradictory with the retention of these colonies. The fact that the government accepts this situation because the military does not like to talk about this subject is another matter." Later Pablo Castellano qualified his remarks by saying that so long as Morocco continues to be a dictatorship without respect for human rights, we have to remain there.

The PSOE deputy had critical words for the army's influence in Spanish political life and said, "So long as there is the slightest vestige of autonomous military power, the Spanish transition process toward democracy has not ended." Castellano said that nationalization is a "taboo" word in the present socialist government and described his party as "a remedy of a bad liberal party. In the face of ignorance, one must be very tolerant. This does not cause me to be aggressive but gives me great sorrow."

PSOE: Castellano Is Not Representative

Official party sources consulted by ABC said that Pablo Castellano's statements are not representative of the party's views or, of course, of the government's.

"The Spanish character of Ceuta and Melilla is beyond any doubt. Ceuta and Melilla are as Spanish as Madrid and Cuenca." Ministry of Defense sources said that there is no conflict with Morocco at present and that "the Spanish Army does not have the strengthening of the integrity of Ceuta and Melilla as one of its objectives but it does have the objective of maintaining their integrity." Sources close to the government said, "Pablo Castellano's statements usually are just the opposite of what the government is thinking, and he attends all the demonstrations in which there are attacks on the government."

8143
CSO: 3548/274

GONZALEZ-ALFONSIN STATEMENT KEYS ON FOREIGN POLICY

Madrid ABC in Spanish 14 Jun 84 p 25

[Excerpt] Spain and Argentina have reiterated their support for the initiatives of the Contadora Group and the strengthening and promoting of democracy in all the countries of Latin America and are proposing the eradication of the anachronistic situations of colonialism in Europe and America. These points are included in the "Madrid Declaration" which was signed yesterday by Felipe Gonzalez and Raul Alfonsin.

The governments of Spain and Argentina also voiced their concern over the threat posed by terrorism to democratic nations and agreed to join forces to fight with all the means at their disposal to bring about its total eradication.

During a press conference held by Raul Alfonsin, the Argentine president expressed his appreciation for the support received from Spain with respect to his country's foreign debt and placed great value on the Spanish Government's intention of contributing to the development of trade, the transfer of technology and investments to help his country overcome the crisis in which it now finds itself.

Raul Alfonsin, who received a gold key from the city council and had lunch in private with the prime minister, evaluated as very positive the terms of "Madrid Declaration" which make reference to contributing without delay to the strengthening of democracy throughout Latin America and Spain's concern over the situation in Central America. Both governments reaffirmed their support for the Contadora Group as the only option to remove from that region all efforts to carry the confrontation between the two blocs to the Latin American continent.

Anachronistic Colonialism

Spain and Argentina, which are victims of an anachronistic colonial situation, are sustaining their respective claims of sovereignty over the Malvinas Islands and Gibraltar to restore the integrity of their national territories by peaceful means, in conformity with the pertinent resolutions of the United Nations.

Alfonsin also reaffirmed his support for the process of Spain's integration into the EEC which, in his opinion, could be beneficial to the necessary rapprochement of the two continents.

In the "Madrid Declaration," the governments of Spain and Argentina are also proposing detente in the international sector and are firmly opposed to the arms race, "whose enormous consumption of resources" serves as an ominous counterpoint to the tragedy of foreign debt for countries struggling in underdevelopment and economic prostration. They call for progress in the disarmament talks "because what is at stake is not only the town square but the very survival of the human race."

The declaration signed yesterday by Spain and Argentina on the occasion of President Raul Alfonsin's visit also repudiates violence, authoritarianism and intolerance and reaffirms their desire to live in peace, with respect for every human being and for every nation as the inviolable standard for governments.

8143
CSO: 3548/274

GOVERNMENT STABILITY, ALTERNATIVES KEY POLITICAL TOPICS

Istanbul CUMHURIYET in Turkish 31 May 84 pp 1, 6

[Text] Ankara is living in the midst of interesting political upheaval for the past two days. Kamuran Inan (NDP, Bitlis) said "the Mother Land Party government will not last until autumn, a broad based national coalition is required." His words touched off "a search for a new government" in various circles.

There appears to be no concrete attempt at any level towards "a new government". However rifts and debates that have been observed in the last two days in the Mother Land Party Parliamentary group and the fact that certain deputies who are attempting to seek signed support in their endeavours against the party administration stress the theme of "changing the party administration and joining the government" were contributing to increase the tension.

Heated debate had broken out the day before when the bill enabling sale of land to foreigners was being discussed. Although the parliamentary group decision was binding, certain Motherland Party deputies had forced the withdrawal of the bill by not coming to the house sitting. Another brawl broke out yesterday at the Motherland Party Group meeting over the bill on rents. The resistance of the deputies who insisted in not approving the government's approach could not be broken.

Following Inan's (NDP) statement in reference to "the national coalition" these developments were observed and those who were trying to create an atmosphere suitable for a new government began to establish links between all these developments.

Under these circumstances MDP leader Turgut Sunalp was one of the focus points where all eyes turned to. Sunalp said that it was "premature for a guest for a new government" and noted that he was against both early elections and a coalition government.

In contrast to the opposition faction within the PP which is trying to assert the view: "a new government will be formed, for us to take our place there, the present party administration should be changed", Deputy Party Chairman Engin Aydin said "We won't get mixed up in such deals. Any PP member who wants to get mixed up (in such deals) has no place in this party."

Minister of Finance and Customs who is claimed to have gathered "a group of fifty liberals" around him, to participate in the "forming of a new government", reminding the journalists in the lobby of the Parliament Building that he was one of the thirty founders of the Motherland Party, said "this is our own child" and told the journalists that he was going to take a big laugh at those who were indulging themselves in illusions.

However, the cloud of dust that rose in Ankara two days ago has not completely settled.

Sunalp: Search for a New Government Is Premature

Fatih Gullapoglu--The NDP leader Turgut Sunalp, while assessing the news reports in connection with "the search for a new government" found this "premature" and said that he was against both early elections and a coalition. Sunalp, who said "I had realized that we would not come to power at the time of the vetos", while projecting into the future noted that they could not move together with adventurists who are seeking sensationalism from the outside.

Sunalp while criticizing Motherland Party which is in power said "now we are having to deal with a single party dictatorship."

The questions we put to the NDP leader Sunalp who has been in Istanbul for some time, and his answers on the topic of "the search for a new government" are as follows:

[Question] How do you assess the news reports that certain alternatives have been proposed for the search for a new government?

Sunalp--"It is very premature to search for a new government. However certain quarters fabricate such rumors. The country is living through a witch's sabbath in the field of politics. These are simply rumors."

[Question] However, one of your party's deputies Kamuran Inan, has a statement proposing an alternative to the present government...

Sunalp--Kamuran Inan is a responsible colleague of mine. I believe that what ever is said at this stage is no more than rumor. Moreover Inan's words may have been distorted.

[Question] You are saying that you are disapproving the policies of the government and that those policies will not resolve the problems. Aren't you thinking of an alternative?

Sunalp--The strategy of our party is continuously debated at the central decision making committee and at the Parliamentary group. This is not something that you can propose just like that... For instance they are asking for early elections. I oppose this. This country is now tired of consecutive elections. There will be no substantial change anyway. Lets wait for things to settle. We are touching base with the electorate. The majority of our people feel bitter disappointment.

Part of the nation is inclined to wait for a while longer. One has to look at the political arena as pointing in a certain direction in order to ask for such a thing. For instance, as you see the Motherland Party itself had to withdraw a bill enabling foreigners to acquire property. There is an opposition even within them.

"One of the rumors was that a new government would be formed in coalition with a splinter group from within the Motherland Party..."

Sunalp--We are not yet at the stage to consider these alternatives. Our committees will discuss these. We will not act in collaboration with adventurists who are looking for sensationalism from the outside. I am a person who has vowed to take politics seriously and who considers politics as the highest and most dignified profession.

"In your opinion are these rumors completely unsubstantiated?"

Sunalp--It is not my age. I suppose because my nerves have dried our (as printed) these rumors do not at all effect me. I listen to these words with a smile. You know this new game Atari... Those who spread these rumors are playing this game in the arena of rumors.

"Are you definitely against a coalition?"

Sunalp--I was against coalitions in my election speeches. Why? Look at the previous coalitions. The minor partners were more hostile towards the major partner than the opposition itself. But now we are facing a new problem, and that is the one party dictatorship now we have that problem.

"If, as in your own words, the policies of the present government will cause bankruptcy, then from the point of view of the opposition parties, one of these alternatives should be a coalition government..."

Sunalp--But one must act cautiously. For instance, I had realized that I would not come to power at the time of the vetos. My intuition was that the party would fall behind after the vetos. I didn't tell this to even the people who that I am closest to. I am convinced that coalitions would be harmful for this country. However, the policies that we establish against the acts of the government do not get sufficient coverage in the press. The TRT does not cover these anyway. Nevertheless the most serious responsibility in this issue is that of the press."

Aydin: PP Wont Get Mixed Up In Such Deals

Ankara (CUMHURIYET) Deputy Chairman of the PP Engin Aydin rejected claims that his party will participate in the scenario of the "search for a new government". He said "we will not be mixed up in such deals. If there is any PP member who will, he has no place under the roof of this party."

Aydin went on to say the following: "We have no knowledge of any such incident. We as PP believe that we should preserve the serious attitude compatible with statesmanship. We cannot take an interest in Byzantine intrigues, deals stuck behind closed doors and processes which ultimately are dubious for the happiness of the people and the future of the country. This is a natural consequence of our policies at the base of which lies democratic principles and legitimacy as well as a necessity born out of humanity. It is also a natural reaction. No PP member can be a part of such deals and games. For the sake of our new democracy born through innumerable difficulties we will not be taken in by dubious, covert and ugly deals of this kind. We will make efforts so that such deals will not be struck. Personally I support the fall of this mentality once and for all and that the consequences of the inaccurate decisions which are detrimental to the interests of Turkey and of the people should be debated. A national coalition will be a way of escape and freedom for the Ozal government. I support that all issues should be resolved within the democratic framework. If the Motherland Party deputies are displeased with the way the Ozal government is exercising power, that is their problem. We cannot instigate the issue. If there are PP members who think that a national coalition can be formed with a break away group from the Motherland Party, these would prove that this PP member is after personal politics and interests and therefore is violating the principles of his party, consequently he has no business to be under the roof of the PP.

Inan: A National Coalition Is Needed

Ankara (CUMHURIYET) Kamuran Inan, (NDP Bitlis) asserting that Turkey is in need of a broad based government in view of today's conditions, said "today's conditions in Turkey necessitate the formation of a broad based national coalition.

Inan, noting that following twelve September Turgut Ozal was unable to and will be unable to deal successfully with domestic and foreign issues also said "in order for the democratic regime to settle on its tracks, in the full sense of the word and for its healthy survival, a national coalition is needed. He then added "in order to determine the strength of the building of democracy erected after twelve September, there is no need to wait for an earthquake. Neither is it advantageous to experiment for too long. A national coalition is needed at this particular time."

When asked if the participation of the party's outside the parliament is being considered, Inan replied: "No, it would be sufficient to expand the base within the parliament."

Inan who claimed that the economic policies which the Ozal government follows will push Turkey into worse bottle necks, said that he feels the need for a national coalition with a view to eliminate various mishaps.

9834
CSO: 3554/239

FRANCE, FRG TO DEVELOP MILITARY OBSERVATION SATELLITE SYSTEM

Paris AFP SCIENCES in French 7 Jun 84 p 22

[Unsigned article]

[Text] Paris--France and FRG will collaborate on the probable development of a military observation satellite. The decision was taken during the French-German summit meeting at Rambouillet on 28 and 29 May.

A task force composed of representatives of the General Armament Delegation and of the Bundeswehr General Staff will be formed for this purpose. It will have to define the missions of such a satellite in terms of the needs of the general staffs of the two countries. It should serve as a base for the French-German military observation system planned for the beginning of the 1990's.

A military observation satellite based on the civilian remote detection satellite Spot had been studied by the French military under the name Samro. Budgetary difficulties have relegated it to archives for at least two years. It could be used as a basis for joint studies planned on both sides of the Rhine, and the resolution of its cameras could be improved given the progress of the technique by the time it is placed in orbit.

The Spot satellite which will be launched next year by an Ariane rocket, has an expected resolution of 10 to 20 m, depending on whether it works with its two HRV (high resolution visible) instruments in the visible or the near infrared, in a multispectrum (three spectrum bands) mode or in panchromatic mode.

During the first studies, a resolution of the order of 3-5 m had been expected for the Samro cameras. According to estimates made in 1977-78, the cost of this military program exceeded 5 billion francs.

A single Samro satellite placed in a quasi-polar circular orbit at an altitude of 822 km, and circumnavigating the globe in 26 days--as in Spot's case, would not satisfy military observation and spying requirements even if it were equipped with the optical systems which Aerospatiale continues to study at Cannes. Several satellites would be needed, which would further increase costs.

Hence the interest in a French-German cooperation likely to operate along the same lines as the one already existing between Aerospatiale and MBB-ERNO for the French-German television satellites TDF-1 and TV-SAT.

This French-German cooperation in military observation satellites appears to fit into the French project of European military presence in space, along with the two large powers, the United States and the Soviet Union, a project broadly outlined at La Haye by President Mitterand last February. This cooperation could also back up the tactical and strategic needs of France and NATO.

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CSO: 3519/385

DEPUTY SEES DEFENSE BUDGET AS INSUFFICIENT

Brussels LA LIBRE BELGIQUE in French 29 May 84 p 2

[Article by Jose Desmarets, deputy and former minister of defense: "Toward a 'Slow Collapse' of Our National Defense"]

[Text] I did not vote for the national defense budget because I cannot accept the continued decline of our means of defense.

I cannot be satisfied with a national defense budget which entails a constant reduction of our outlays in real terms. In the space of 5 years there has been a 24 percent cutback in terms of constant francs. And that downward trend continues from what we already know about the 1985 budget.

The increased prices for petroleum products and armaments as well as the surge of the dollar and the mark have been much higher than inflation. This, among other things, explains why our defense policy is in shambles.

This situation cannot satisfy those concerned with providing Belgium with a consistent defense capable of meeting the various conflictive situations which would confront the country.

But it is not only a question of Belgium's defense, it is also a question of knowing whether or not we want to keep our commitments with our NATO allies.

At a time when the international situation is becoming increasingly serious, when the Warsaw Pact countries are stockpiling conventional and nuclear weapons, when new high technologies are being development, when the Geneva talks are at a standstill, one should not lower one's defense.

We must remember that in 1982 the [Atlantic] Alliance, Belgium included, pledged to increase their defense budget by 3 percent in real terms.

Undoubtedly the Department of National Defense, like all the other major departments of the government, must participate in the budgetary austerity effort which everybody is requested to make. But that department has done more than its share by suffering a 24 percent cutback over a period of 5 years.

It is my view that we are going beyond a dangerous point and that from a crisis budget we risk falling into a poverty budget.

When, 6 months after it was put forward, we tried to obtain further information about the Vreven personnel plan, we were faced with the fact that nothing had been done up to that point and the minister himself acknowledged this fact.

The same can be said when the minister incorporates in his budget pay reductions of more than 500 million [francs] a year although no decision on that issue has come forward from the government.

It is also a mistake to think that by eliminating two wings of "Nike" missiles used for air interception, there will be a "gain" of 200 million francs. This minister told us that he was sticking to his unilateral decision which was never endorsed by NATO.

Finally, I also want to point out that apart from the financial aspect, which is an important one, there is also the question of the gradual reduction in the number of draftees starting in 1985. But nothing has been done about that and the Interior and Defense Commissions have still not been convened to review the military service bill. And so we run the risk of facing troop shortages in the next draft and due to a dropping birthrate those shortages cannot be filled by means of the few minor measures envisaged in the draft corrective bill under debate in the Chamber of Deputies.

But there is yet another problem. The minister of national defense said that he was sticking to his decision of reducing the work week from 40 to 38 hours, a step which he absolutely opposed last year. And it is obvious to us that such a measure will increase even more the problem of running the armed forces which are not a public service like the others.

In all evidence we never had or no longer have a Vreven Plan. Support for decisions which are detrimental to the armed forces and lack of a correcting action with regard to the budget are untenable policies in the long run.

We are watching our defense being gradually reduced. I do not want to see my country failing to stand by its international commitments and I do not want to witness "the disintegration of our military machinery," to quote a minister who is resigned to the inevitable outcome.

This is a policy of drifting with the current. Unless we introduce strong and urgent corrective measures in our overall defense policy, we are very much in danger of not being able to guarantee a minimum of effective defense.

Our operational standards are far below the required standards in the three armed services and this prevents our young soldiers from being properly trained, putting them in the dangerous position of not being able to defend themselves adequately should trouble arise.

As for our purchases of equipment, the question of regionalizing purchase orders has become more important than our military requirements thus increasing costs and producing serious delays.

Finally, the Atlantic solidarity, which after 35 years remains our best safeguard for peace, rests on two pillars, the North American and the European pillars. In the European sphere we must keep intact that Atlantic solidarity. European defense does not mean "breaking the linkage" with the United States which would be playing into the hands of the USSR and of European and U.S. neutralists. Besides, are we prepared to pay the price which such a move would require in terms of additional material and physical efforts?

The extent of European defense requires greater European integration. In this respect we would like to see that European concept of defense developing as quickly as possible.

But until that goal can be achieved--and it will take years for Europe to become more than a sum of conflicting parties--our duty lies in making sure that we have a Belgian defense integrated into NATO.

This is why I refused to endorse with a 'yes' vote and with my silence what the minister himself describes as a "ceiling budget," Despite difficult times and the unrewarding nature of the subject, I call for vigorous and urgent corrective steps in our overall defense policy.

The safeguard of peace, of our liberties and democracy are well worth making that vital effort.

And that is not what we have been doing so far.

8796
CSO: 3619/66

MISSION, TRAINING OF 'HUBERT' NAVY FROGMAN UNIT

Paris LE FIGARO in French 1 Jun 84 p 10

[Article by Pierre Darcourt]

[Excerpts] With a basis of common training for life in the water, the sailors who work underwater are of two kinds: Those who dive are the mine-removal frogmen while those who swim are the combat frogmen. Organized in a special unit, the underwater action commando group known as "Hubert" (after the name of an officer killed on 6 June 1944 during the Normandy landing), the combat frogmen discreetly maintain their capabilities to perform the most difficult and dangerous missions.

Complete Training

The number of those who are members of the "Hubert" command group is small, but its approximately 50 officers and noncommissioned officers are subjected to extremely rigorous and constant training. In all seasons, wherever they may be, they spend an hour every day doing sports and an hour diving. That is how they retain their excellent physical condition and skills in the water, their natural element. Their target practice with all weapons, involving firing from a rest and from the hip, is meant to keep them permanently up to the level of the best French marksmen. They give vigilant attention to the equipment on which the security and success of their exercises and missions depend. Indeed, they have to master such equipment in order to exploit all its possibilities, whether what is involved is diving equipment or underwater navigation equipment, explosives or free jump altimeters. The techniques that they use involve underwater breathing equipment in which pure oxygen does not generate any tell-tale bubbles, the carbon dioxide exhaled by the swimmers being recycled thanks to a filter that prevents it from escaping. Though simple in design, such French equipment insures great autonomy. These characteristics make it possible to get some missions going in submarine torpedo launchers, of all places. Two swimmers are locked into such a tube, one behind the other, and must extricate themselves from there while immersed when the submarine has reached its planned location undetected. If the initial vector is an aircraft, the techniques current among the "operational paratroopers" of all countries of the world are used. But in all cases the

swimmers are loaded with their diving equipment, demolition charges, possibly kayaks which they will have to assemble before use either to reach their action zone or to leave the scene after their mission is accomplished.

Always Available

Naturally, between the submarine at one end of the range and a very high-altitude aircraft at the other, all means of access are used--every type of boat, helicopter, and French Air Force transport plane, many of which are accustomed to moving these unusual passengers and their uncommon collection of dinghies and underwater scooters from one point to another.

Whether it is sailors or marines who are involved, the qualities that they develop to the highest degree are self-reliance and self-control. From that point everything is possible, including complete and blind confidence among the members of a given team. They acquire this feeling at the end of a year thanks to a number of exercises: In the fall, in southern France, they engage in a "synthesis" drill involving an infantry phase and a mock attack on the vessels of the Mediterranean squadron at anchor. In winter, they engage in cold water dives in Germany, in swimming and kayak exercises on the Rhine, in guerrilla drills under harsh climatic conditions, in mock attacks on a port on the Atlantic or the English Channel, and spend time in the highlands. In spring, there are reconnaissance exercises on the beaches with the necessary water condition surveys and attacks on shipping. In summer there is retraining in deep-sea diving.

The frogmen engage in one or two basic exercises with submarines each month, and they are involved in parachute training for 2 weeks each quarter. Every day, when there are no other activities scheduled, the frogmen are engaged in maintaining their oxygen-aided diving capabilities as a team. This leads to an indispensable ease in accurate navigation and the confident handling of explosives. Finally, they practice the basic discipline, marksmanship, with the regularity of a metronome.

Everybody watches with interest the spectacular progress of underwater diving for the industrial exploitation of its resources. However, the field of the combat frogmen is not the broad, obvious one of deep-sea diving. To improve their equipment, they persevere alone with the help of a few Navy scientists, transforming ideas and improvisation into reliable and sophisticated equipment.

Whether what is involved is sinking a wreck left to drift on the high seas, participating in mine-removal operations on the beaches of Beirut, or guaranteeing safety on the surface of the water when the Multinational Force in Beirut was leaving Lebanon, on each occasion it is the frogmen of the "Hubert" group who are called upon, for it is known that they will always be available, efficient and prepared for their mission.

2662
CSO: 3519/383

MILITARY

PORUGAL

BRIEFS

DEFENSE LEGISLATION DELAYED--The fact that congressmen are preparing to go on vacation on 14 July, without debating and approving defense legislation that has long been pending action in the Assembly of the Republic, is causing dissatisfaction in high military circles. A TARDE learned that the defense minister received a letter from Gen Lemos Ferreira, chief of staff of the armed forces, noting the ill effects of a delayed approval of the Law of Military Programming, not only on the current administration of the Armed Forces but also on the efforts in progress to modernize them. In addition to the Law of Military Programming, other related legislation still pending in the Assembly of the Republic includes the Strategic Concept of National Defense, the Law of Military Service and the Conscientious Objector Statute. [Text] [Lisbon A TARDE in Portuguese 19 Jun 84 p 7] 6362

FRENCH BATTERY PURCHASE--A gigantic 80-ton battery for French Navy submarines is being constructed by a Portuguese firm; the sale could bring in 50,000 contos in foreign exchange. The battery, the largest constructed to date in our country, is currently undergoing testing by a flotilla of Portuguese Navy submarines. Delivery to France is scheduled for mid-July. A spokesman for the manufacturing firm (Sociedade Portuguesa de Acumuladores Tudor) added that the French Navy, "recognizing the high level of technology of the Portuguese batteries," signed a letter of intent to purchase from three to six batteries, to be tested by our navy. The Sociedade Portuguesa de Acumuladores Tudor is a regular supplier for the Portuguese Navy, and exports about 40 percent of its production. Tudor is a private firm founded in 1920; it currently has 914 employees and has battery plants in Castanheira do Ribatejo, Angola, Mozambique and the Central African Republic. Last year it earned 2.5 million contos. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 14 Jun 84 p 5] 6362

CSO: 3542/65

COALITION REJECTS SALCHER'S TAX REFORM PROPOSALS

Zurich NEUE ZUERICHER ZEITUNG in German 3-4 Jun 84 p 13

[Article: "Unlucky Star over Vienna Coalition: Confusion About Tax Reform on Anniversary in Office"]

[Text] The Socialist-Liberal coalition of the Sinowatz-Steger Government has been in power for a year now. It claims to have done more for the economy and business than any other administration but is caught up in hopeless confusions. On the anniversary of taking office, the chancellor turned thumbs down on the finance minister's tax reform proposals, signaling the beginning of the end of Salcher's career in the government.

Vienna, 1 June--The ruling coalition of the Socialists with the Liberal Party (SPOe and FPOe) was launched on 24 May 1983, one month after the National Council elections that had deprived Kreisky of the absolute majority. It was considered at that time as the "logic of the election result," which from the Socialist point of view excluded a grand coalition with the People's Party (OeVP). This was probably the view of former Chancellor Kreisky from the start. The Red-Blue coalition thus essentially bore Kreisky's stamp just as did the personal composition of its Socialist component. This is especially true of the acceptance into the coalition government of Herbert Salcher, the finance minister in the 4th Kreisky cabinet. With the economic and financial problems . . . behind by Kreisky, this appears to constitute an "inherited burden," of which the Red-Blue coalition has been trying in vain to rid itself.

Differing Version of Coalition's Achievements

It read differently of course in the official versions. In a declaration to the National Council on the government's first anniversary, Chancellor Sinowatz presented in the brightest colors the resoluteness with which his administration tackled the budget consolidation and the courage thus exhibited in adopting unpopular measures. He offered a long list of steps by which, he claimed, it "very specifically gave a lift for the coming upturn" to the economy and thereby "instituted the right measures at the right time and created good all-around conditions" for an upturn that is more than just a spin-off of the good business conditions in other countries.

The opposition seemed little impressed, countering with a litany of the government's failures in economic policy, which ranged from Salcher's erstwhile "Mallorca" tax package to rekindled inflation, and pouncing with great relish mainly--like the news media--on apparent new confusions that had emerged only recently concerning the finance minister's prematurely announced tax reform proposals. These, it was said, would probably have the total effect of a kind of new "wave of taxation."

Not-yet-born Tax Reform already Dead?

Chancellor Sinowatz indirectly confirmed such obvious fears--albeit unintentionally--by briskly disavowing Salcher's proposals with the explanation that there would be no tax reform because everything must be avoided that could impede the economic upturn, the climate of confidence and the optimism that are just now becoming visible. The chancellor thus swept aside a proposal that is part of the official government program. Sinowatz was compelled to correct himself a little later in the parliament, saying that the goal of carrying out a tax reform to simplify and improve the system remains intact. At the same time, however, he declared inviolate several tax advantages for non-independent earners which Salcher seems to have specifically considered as one of the reforms needed to moderate somewhat the tax rate overall. This should have made possible a "revenue-neutral" reform--regardless of how reasonable and "feasible" in the tight budget situation. All this leads many to the view that the tax payers will be able to count themselves fortunate if the promised "major tax reform" should turn out to be a "mini reform" designed to reduce some of the system's bureaucratic complexities.

Small Margin for Reforms

The interpretation of the events is otherwise costing the political observers visibly little effort. The chancellor is said to have intervened in order to avoid the situation where the opposition could accuse the government of once more introducing a new "wave of taxation" through Salcher's proposals. In simple terms: it would be said that after only 1 year in power the Red-Blue coalition's political margin is approaching zero or that its political base for far-reaching and painful structural reforms is too narrow--as expected, it must be added. All this after last fall's forced round of budget-deficit consolidations by the government (by means of the tax on interest income, for example, which seems to have ruined the capital market) and after the defeats in the last elections to the provincial parliaments and workers' chambers. The chancellor, it is said, intervened apparently without first consulting with his finance minister, not exactly a sign that an especially close relationship of trust exists between chancellor and finance minister.

Salcher's Damaged Position

All in all, the position of Herbert Salcher is regarded generally as severely damaged, and his leaving government is only a matter of saving face and selecting the time, although official statements--from the chancellor and vice-chancellor to the president of the National Council and of the Trade Union Federation, Benya--are unwilling to admit that the matter justifies a

change in the leadership of the Finance Ministry. Salcher himself has said that he intends to defend himself and bring the intervention of the chancellor (and SPOe party chairman) before the party's executive committee for discussion. There will be opportunity for this on 7 June. Salcher has not ruled out resignation but he has stressed that he intends to choose the time himself.

9992
CSO: 3620/331

CYPRIOTS ENJOINED TO STOP LIVING ABOVE MEANS

Nicosia O FILELEVTHEROS in Greek 20 May 84 p 3

[Text] Finances for Defense

It is well known and obvious that the greatest expenditures are those paid for the defense of every government. Even so, the richest country in the world, the United States, when it is going to spend even one dollar for military purposes, considers it and reconsiders it, and it must pass through the dangerous passage of the House of Representatives and Senate to be approved.

To strengthen our defense, we must pay a substantial monetary price. The wealthy person must give much from his surplus and the poor person from his shortages. We must change our way of life. All of us. We are not maintaining that we must call on our people to live an ascetic life. But our present way of life is unacceptable. And detrimental. If other peoples, who are not facing the mortal dangers we are facing, emphasize that the best choice is frugality, why are we, who do not have a certain tomorrow, living as we live?

The 'Continually' Worries Us

The warnings about our economic future now are coming also from another of our banking establishments, the Greek Bank. As the president of the Greek Bank's Administrative Council, Paskhalis Paskhalidis, stressed in his report to the shareholders' general meeting, we are continually spending more than what we are earning as a total. This unacceptable economic phenomenon is not being noted in only one period of our life. It is being observed constantly. Which means that, if not staffed, it will lead us with mathematical precision to a state of economic bankruptcy. When all is lost.

This situation must not be allowed to continue. The "continually" must worry us. The situation is not corrected by our mentioning it on certain occasions. It is corrected with measures which the government must take. If, in fact, the reasons for these measures were explained, everyone should support them. When we see the signs of the wild beast, we must not wait to see the beast itself.

9247
CSO: 3521/257

EUROPEAN AFFAIRS MINISTER ON ENTRY OF SPAIN, PORTUGAL INTO EEC

Paris LE NOUVEL ECONOMISTE in French 4 Jun 84 p 47

[Text] France, which assumed the presidency of the European Community on 1 January of this year, has two major concerns: to reorganize the present community in the face of the recession and technological change, but also to continue building Europe with the entry of Spain and Portugal into a more dynamic community. Today, several weeks before the Fontainebleau summit, we can consider the first challenge, straightening out community affairs, to be in the process of being answered, after the European Council in Brussels settled 16 out of the 17 issues put before it last March. Only the question of Britain's contribution to the community's budget remains unsettled.

The negotiations on expansion have advanced further in the last 4 months than in the long years of discussions which preceded our arrival at the head of community affairs. First of all, there is the matter of the competition that Spain will give our Mediterranean agricultural production--fruit, vegetables and wine. The government is negotiating so that our farmers can meet the new conditions created by expansion: concerning fruit and vegetables, the reform of community regulations, which was adopted in 1983 and will become fully effective on 1 June 1984, prepares the community for Spain's membership. The ten member countries are also asking for a long-term transition--approximately 10 years--organized into two phases: a 4-year phase during which the present level of trade will be "grosso modo" maintained, and a 6-year period of gradual liberalization. Problems concerning wine are also a concern. The solution will have to be sought in a limitation of the production guarantees to eliminate surpluses and to sustain wine growers' incomes.

Another delicate question: fishing. While the German, English, Irish and French fishing fleets have, for many years, been proceeding with a socially difficult restructuring, Spain has kept its capacities intact. But the membership of Spain and Portugal poses more than trade problems. We might have also feared that their membership would increase Europe's difficulties of existing in international economic competition. In Brussels, France is now acting to reinforce the community's presence in trade vis-a-vis the United States and Japan. We can expect Spain and Portugal, inheritors of a tradition of independence, to support a similar policy in a 12-member community.

The negotiations thus raise the hope of an intrinsically stronger Europe and one that is freer to act. The entry of Spain and Portugal will also spur on the French economy. In 1980, half of Spain's exports went to the community, while less than a third of Spain's imports came from the Ten. Essentially, the imbalance comes from the 1970 agreement between Spain and the EEC which unjustly favors Spanish exports and penalizes those of the community, and therefore of France. With their entry, the agreement and the prohibitive customs duties will disappear, to the greatest good of French exporters: industrial exports could grow by 50 percent. Markets will open for widely-used consumer goods, office electronics, aeronautics and such agricultural products as grains, meat and dairy products which will be consumed more widely in Spain because of the change in dietary habits that the improvement in the standard of living after its entry will facilitate. Expansion will intensify the desirable rivalry between the Europe of politicians and the Europe of businessmen. More than 1,000 French businesses and the major banks are already established in Spain. In a sense, they preceded the expansion: when it comes about, they will be the first to profit from it. We must be aware that a 12-member Europe is also a market of 320 million consumers and our businesses can look toward them as of today!

12413
CSO: 3519/381

INDUSTRY DEVELOPMENT FUNDS TIED UP IN TREASURY BONDS

Paris LES ECHOS in French 9 May 84 p 3

[Text] Wouldn't it be a good idea to rename the CODEVI (industrial development accounts) COFIDE (accounts for financing the budget deficit)? This is the question one might ask in view of the fact that about two-thirds of the funds collected by this new miracle product are invested in liquid assets, i.e., nearly entirely in Treasury bonds, while only a third actually goes to industry. This is a situation which was probably not deliberately created by the government, but the Treasury is profiting handsomely from it.

Out of the 54 billion collected by the CODEVI at the end of February, the amount actually spent on "industrial development" by banks or various specialized agencies is estimated at 18 billion, while 36 billion has been invested primarily in Treasury notes, either by the banks or by the Caisse des Depots [Deposit Bank].

The rules governing use of the funds collected are as follows. For banks (registered banks, Credit Agricole, etc.), one-fourth of the funds is used for industrial loans at preferential rates. Another quarter remains by law in liquid assets. The remaining half is remitted to the Caisse des Depots.

Out of the 54 billion collected at the end of February, banks received a little over 40. Out of this amount, 10 billion went to industry (a banking source indicated that the bulk of this money has already been loaned), 10 was kept in liquid assets and 20 was remitted to the Caisse des Depots.

The system of savings banks [caisses d'épargne] is different. The Ecureuil network theoretically keeps 20 percent of the funds collected, to be used by the regional echelon of the network, the SOREFI, and the remaining 80 percent goes to the Caisse des Depots. Since the SOREFI are not yet operational, the total amount is remitted to the CDC. As for the Postal Savings Bank [Caisse d'épargne de la poste], it sends all its receipts to the Caisse des Depots.

The total funds gathered in February by the two savings bank networks amounted to about 13 billion, all of which was paid into the Caisse.

What does the CDC do with this money? It is required by law to keep one quarter in liquid assets.

For the rest, it allocates funds to the Industrial Modernization Fund (FIM), and, at the request of the government, it grants refinancing to certain agencies which are active in lending to industry, such as the Credit National, CEPME, BFCE, SDR, etc. The CDC received over 33 billion at the end of February, out of which it had to keep 8.5 in liquid assets, which left more than 25 billion available for industry.

In actual practice, only 2 billion in loans were reported by the FIM at the end of February (today it would be closer to 3 billion), and the different specialized institutions received 6 billion altogether. Thus, there was more than an additional 17 billion in liquid assets.

Two-thirds in Treasury Notes

To sum up, it would therefore appear that, on the basis of the figures at the end of February, 18 out of the 54 billion went to industry (10 from the banks, 2 from the FIM and 6 from specialized institutions), and the rest, i.e., 36 billion (10 held by the banks, about 26 by the CDC), was placed in liquid assets.

What is done with these liquid assets? For the Caisse des Dépôts, the answer is simple: the entire amount is invested in Treasury notes.

As regards banks, there are two possibilities: Treasury notes again, or the money market.

Although the precise breakdown is difficult to discern, banking circles say that nearly all of CODEVI's liquid assets are currently placed in Treasury notes. This means that the final distribution of the funds collected is one-third to industry and two-thirds to the Treasury.

Although this imbalance can be attributed in part to the newness of the system--the CODEVI were created last October--it is important to point out right away that any alteration in the use of the funds will take time. For the end of 1984, the Caisse des Dépôts anticipates that total funds collected will amount to 70 billion (54 by banks, 16 by savings institutions).

The CDC will therefore receive 43 billion (27 from banks, 16 from savings institutions), and it plans to place these funds as follows: 10 billion for the FIM, 12 billion for specialized institutions, 2 billion for specific uses of the Ecureuil savings institutions, and the rest (19 billion) in liquid assets.

By the end of the year, industry will thus have received 13.5 billion from banks and 24 through the CDC, or a little more than half the funds raised, since 47 percent will remain in liquid assets.

Why is there such a disproportion in the use of the funds collected? Aside from the need to keep part of the money liquid (the famous 25 percent) in an operation involving the conversion of freely available savings into long-term loans, two factors help explain this phenomenon. First of all, the entirely unexpected success of the CODEVI.

With the help of the banks' extensive publicity campaigns, the amount raised exceeded all expectations and the absorptive capacity of the funds raised proved to be insufficient. A second factor is the following: at the Caisse des Depots, they stress the need to maintain reserves to provide funds to the FIM in coming years, once the "boom" is over and before the initial repayments of the CODEVI loans reprime the pump.

However, it is clear that until the system reaches its cruising speed in 6 or 7 years, all that needs to be done is to raise the ceiling of the CODEVI to bring in more funds....

Whether or not the phenomenon was entirely unexpected, the CODEVI operation has proved in any case to be a boon for the Treasury, which will be seeing billions of francs dropped into its pocket for some time. At a time when the budget deficit is growing, the CODEVI funds are certainly welcome.

The new account has already elicited a great deal of criticism. It does not create new savings, but merely transfers. Moreover, it disorganizes certain financial circuits, such as the A and B accounts. In addition, it increases the cost of banks' funds by converting into remunerated savings what were frequently demand deposits. Moreover, it is a privileged circuit, and a particularly complex one. It does not elicit any psychological changes in the saver, who is told that his money is invested in industry, while at the same time it is entirely and freely available to him.

Another complaint can be added to all of these, and that is that CODEVI's money is for now being used more by the government than to modernize industry.

9805
CSO: 3519/367

STOCK EXCHANGE TERMED 'UNPRECEDENTED SUCCESS'

Paris LES ECHOS in French 10 May 84 p 4

[Text] The Left's accession to power in May 1981 caused a real trauma among Parisian financiers. The day following the elections, a breeze of panic blew over the Paris Stock Exchange, causing stocks to fall, with an average decline of 30 percent in less than months. Capitalization thus went from 248 billion to 186 billion francs.

It took the market one year to recover from this unpleasant surprise. However, with the implementation of the first austerity program, there was a spectacular reversal in the trend, and the market began rising, which it has been doing virtually uninterruptedly ever since.

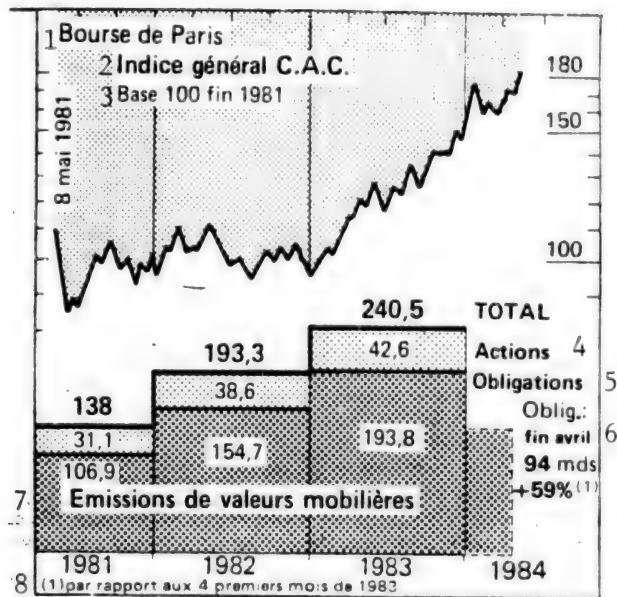
Hence in 1983 the Paris Exchange recorded the best performance in the world, with an average increase of 56 percent. And, since the beginning of the year, the trend has accentuated, bringing the various indices to record levels. The market capitalization is currently at 345 billion francs, an increase of 82 percent over the low point following the elections, and this, despite the elimination of the six leading industrial stocks and the banking sector, accounting overall for more than 50 billion francs. In other words, a considerable number of stocks has increased by 150 to 200 percent.

Moreover, the start of a second market has proven an unexpected success, with the introduction of about 40 new companies.

Finally, a large number of new financial products has been made available to the public, such as share savings accounts, participatory securities, preferential dividend shares, and bonds with subscription rights, among others.

All these factors have played their part in contributing to the unprecedented success of the financial market in attracting savings. Subscriptions increased by 40 percent in 1982, 25 percent in 1983, and, for the initial 4 months of 1984, the increase is 59 percent over the same period last year. Since 10 May 1981, the market has overall drained off over 600 billion francs.

The Stock Exchange has unquestionably recorded the most brilliant performance since the Left took power.



Key:

- 1. Paris Stock Exchange
- 2. General C.A.C. Index
- 3. Base 100, end 1981
- 4. Shares
- 5. Securities
- 6. End April
- 7. Issues of securities
- 8. (1) In comparison with the first 4 months of 1983

9805

CS: 3519/367

AUTOMOBILE INDUSTRY SEEN TO BE 'LESS COMPETITIVE' ABROAD

Paris LES ECHOS in French 7 May 84 p 8

[Text] The trade surplus of the automobile sector increased last year by 21.5 percent, moving from 18.6 to 22.6 billion francs. This is good news, but it must be considerably tempered: In actual fact, 1982 was an exceptionally bad year, and a comparison of the results of 1983 with preceding years would be substantially less flattering.

Let's take a look: In current francs, the export surplus of the automobile industry was 24.3 billion in 1981, 26 billion in 1980 and 28.2 billion in 1979. Thus, the 1983 balance actually shows a deterioration in the international competitiveness of the French automobile industry.

In 1981, exports of automobiles amounted to 62.8 billion francs, for 38.5 billion francs of imports. With 79.1 billion in exports and 56.5 billion in imports 2 years later, we witness an increase of 25.9 percent of the value in current francs of exported vehicles (passenger cars and commercial vehicles, new and used), while imports climbed briskly.

The stepped up increase in imports is further aggravated by the fact that a growing portion of the French surplus is attributed to sales abroad of spare parts and equipment. The positive balance went from 10.7 billion current francs in 1981 to 16.2 last year--to the detriment of sales of vehicles.

In 1981, parts and equipment accounted for 44 percent of the French trade surplus. This share went to 71.6 percent in 1983, which is a bad sign for the future, since exports of vehicles lead to later sales of parts and equipment, while the reverse is not true....

In short, the trend of the automobile industry to provide less foreign exchange than in the past is confirmed.

Foreign Trade in Automobiles in 1983 (in billions of francs)

	<u>All vehicles*</u>	<u>Parts and equipment</u>	<u>Total</u>	<u>Increase over 1982 (as a percentage)</u>
Exports	44.5	34.6	79.1	+13.8
Imports	38.1	18.4	56.6	+10.9
Balance	+6.4	+16.2	+22.6	+21.5

*Passenger cars and commercial vehicles, new and used.

Source: Automobile Manufacturers' Commission.

Production: Only Peugeot Is Showing an Increase

	<u>Production--</u> <u>all vehicles</u> <u>1st quarter</u> <u>1984</u>	<u>Change--</u> <u>1st quarter</u> <u>1983</u>
Renault	470,313	+ 3.9 percent
Peugeot S.A.	396,096	- 10.3 percent
Peugeot	194,918	+ 12.3 percent
Talbot	31,924	- 54.3 percent
Citroen	139,354	- 15.6 percent
Total (1)	838,296	- 6.8 percent

(1) Including miscellaneous makes

9805

CSO: 3519/367

NATIONALIZED INDUSTRY TO CREATE NEW BUSINESSES

Paris LES ECHOS in French 25 May 84 p 6

[Article by Jacqueline Mattei: "One of the Missions of the Nationalized Groups: Creating Small- and Medium-Sized Businesses By the Hundreds"]

[Text] "To promote industrial reconversion and the creation of jobs" is a leitmotif for the nationalized companies, which are often compelled to carry out drastic restructuring at their industrial sites. Furthermore, whether as public companies or (at an earlier time) as private ones they did not wait until 1981 to embark on that kind of compensation for workforce reductions. But Francois Mitterrand definitely intends to speed things up and assign reconversion promotion/job creation as a mission to the big groups. His visit today to Saint-Gobain is the symbol of that intention.

The recession in coal left no alternative, and CDF [French Coal Board] was the main forerunner in this area. Since 1967 SOFIREM (Finance Company For Promoting the Industrialization of Mining Regions) has, with an arsenal of weapons that combines the making of loans and the acquisition of business shares, been making efforts to create industrial lines of work in the mining basins.

To date SOFIREM has had 250 investment dealings, representing a commitment of 294 million francs and generating 22,300 jobs. But this year the effort is becoming more extensive, since in the 1984 Coal Board budget the state has provided a supplementary endowment of 325 million francs for industrial conversions, 200 million of which for the Nord/Pas-de-Calais basin alone. In order to distribute this godsend, CDF has just created FINORPA.

After an initial experiment in the Adour basin in 1972, the Elf-Aquitaine group embarked on this course on a big scale in 1978 with its characteristic efficiency. SOFREA (Elf-Aquitaine Regional Finance Company) was created to provide against the consequences for labor that the gradual depletion of the Lacq deposit would entail, and it rapidly expanded the scope of its activities

to include all the group's other production sites threatened by the nationalizations. In 6 years the company has contributed to setting up 445 establishments, committing 600 million francs and creating or putting on a firmer basis 16,500 jobs (8,000 new jobs, 6,000 existing jobs kept on, 2,500 jobs yet to be created).

Examples Followed By Others

These examples were followed in more modest fashion by other groups. Six years ago Pechiney established a commission for industrial and regional development and a finance company, SOFLPE, in which Credit Chimique has a participating interest. The numbers of jobs created were 800 in 1982, 1,000 in 1983, and 1,000 on a projected basis in 1984. And what about financial commitments? Pechiney doesn't have good figures.

In 1977 Rhone-Poulenc created SOPRAN, which has contributed to 70 industrial establishments and created 1,600 jobs, about a third of which have benefited personnel in the group. The company plans to create 2,000 new jobs within the next 3 years (including the 1984 projects--Peaudouce at Roanne and Intercassette at Montlucon). At SOPRAN they estimate the cost of job reconversion to be 30,000-50,000 francs per job.

In 1979 Thomson created GERIS (Economic Interest Group for Industry and Service Sector Reconversions). In 1983 GERIS contributed to the creation of 400 jobs.

All Are Responding to Mitterrand By Coming Forward

But current restructuring is increasing the number of employment problems in many regions. The state has encouraged the steel firms to create their own industrial development companies to counterbalance closings at various locations by its giving them, as it has to the Coal Board, financial packages--250 million francs for both Usinor and Sacilor.

To that end Usinor has set up three subsidiaries: Sodinor (Nord), Sodilor (Lorraine), and Sodicar (Champagne-Ardenne). Signed agreements involve the creation of 2,780 jobs within a 3-year period (including 1,300 in Lorraine and 1,160 in Nord), with 700 hirings already being accomplished. Agreements being prepared involve 1,900 jobs. The biggest operation has been Sodilor's contribution to the Longwy Thomson plant. Regarding financial commitments, the 250 million-franc ceiling will soon be reached.

Sacilor has also set up three companies--Solodev (Lorraine) in December 1982, Somidev (Midi) in October 1983, and Socadev (Caen) in January 1984. Solodev,

the only one to have really gotten off the ground, has made it possible to create or protect 1,000 jobs in return for expenditures of 15 million francs. Its big activities have been the Thionville municipal slaughterhouse and beverage containers at Pompey.

But the promotion of job creation is becoming a sacred duty for all the nationalized companies. Thus, in 18 months Saint-Gobain has signed a hundred-odd agreements creating 3,000 jobs (1,000 of which are already in existence) and representing a financial commitment of 90 million francs.

And CGE [General Electricity Company] in its turn, which used to act only through its subsidiaries, is setting up structures at the group level. In 1983 it established a commission for industrial development attached to the general headquarters, and it is in the process of forming a GIE [economic interest group], CGE Industrial Promotion, which will be aimed among other things at creating local industrialization commissions in the regions--commissions of the same type as the structure created in the past by Geraver at Tarbes.

Thus, all the nationalized groups are going to respond to the French president by coming forward. Their effectiveness over the long haul remains to be proven.

9631
CSO: 3519/373

EUROPEENNE DE BANQUE RESTRUCTURED AFTER 1983 LOSSES

Paris LES ECHOS in French 30 May 84 p 5

[Article by P. de J.: "The Restructuring at Europeenne de Banque"]

[Text] The refloating of Europeenne de Banque (the former Banque Rothschild) is being organized. To start with, the state is going to pay off the 1983 losses, which amounted to 96.8 million francs.

Next, a closer financial linking of the Europeenne to the two institutions with which it already has cooperation agreements, the CCF [Commercial Credit of France] and the UBP [Union of Paris Banks] will be undertaken. But the exact modalities of that linkage have not yet been decided on. As was expected, Europeenne de Banque is going to "lean" on a major bank, the CCF, in order to make recovery possible. The former Banque Rothschild certainly needs it. In 1983 it lost another 96.8 million francs--a distinct improvement, to be sure, after the 1982 loss of 320 million francs. The 1983 loss is mainly explained, according to Europeenne, by the increase in bad debt and by the fall in the value of the stock of Commercial Banking Company [CCB] (the former Discount Bank), a small bank controlled by Europeenne and completely insolvent.

Europeenne has embarked on a recovery program which should, it hopes, show results in 1985. Already, it stresses, the operating deficit after repayments and before provisions for reserves has been reduced, having gone from 85.2 million francs to 26 million francs last year. But Europeenne needs more drastic measures.

To start with, the state is going to fulfil its obligation as a shareholder and provide an "advance" of 100 million francs (called up to be converted into capital endowment). That is what will pay off the 1983 loss. Then the bank is going to work out a completely straightforward form of support at the two institutions with which it linked itself through cooperation agreements in July 1983, the CCF and the UBP. At each partner institution it is being stated that the "additional arrangements" have not yet been decided on.

It does, however, seem to be established that the CCF will give up, at least at some future date, a portion of Europeenne stock. As for the CCB, it will probably be broken off from Europeenne. UBP is currently looking at buying it.

In any event CCF is ruling out any possibility of totally buying up Europeenne and, a fortiori, any merging of the two institutions along with elimination of the Europeenne de Banque "name tag." At CCF it is felt that the future of the banking system lies in "constellations" which make it possible to muster financial strength and spread the risks while having specialized branches each with its own separate status. On the Champs Elysees that is regarded as the only way to improve the productivity of banking institutions.

So via this process CCF is going to find itself at the head of a small "constellation," thereby increasing its influence in the French banking system. It remains to be seen what "specialization" will be assigned to Europeenne. The latter, already rid of all its industrial assets which were sold last year to Compagnie Financiere de Suez, might confine its role to that of a Paris commercial bank at the upper end of the scale.

Furthermore, putting Europeenne's portfolio in order will finally make it possible to free up the portfolio of P0-Gestion, David de Rothschild's financial institution. Nothing more should stand in the way of the latter's being converted into a bank. Lastly, as regards bank restructuring there will remain only one matter pending--the respective takeovers of Vernes and of Parisian Credit Bank by Indosuez and Suez Finance Company.

9631
CSO: 3519/373

BRIEFS

BUSINESS START-UP PROCEDURES SIMPLIFIED--Yesterday Mr Laurent Fabius inaugurated the new offices of ANCE [National Agency for Business Establishment] and paid real tribute to the founders of businesses, "those who go after things, those who don't give up." The minister of industry also criticized the "tremendous discrepancy which exists in France between what is actually done in the area of establishing businesses and what people in the country know about it." He did point out that in spite of that discrepancy we have for some time been witnessing "economic and cultural change of the first magnitude," at the end of which business will be perceived by everyone as "the number one focus of wealth creation and job creation." However, there are numerous potential founders of businesses who are discouraged by how difficult the steps are which must be undertaken and by how long the necessary waiting periods are before actual start-up of a business activity. The minister of industry observed that therefore there are many "improvements to be made in the areas of legislation and regulations." That is why he has, abandoning the idea of a single government bureaucracy contact point, asked Mr Georges Chavannes, president of ANCE and president of the directory of Leroy-Somer, "to propose to him a set of measures intended to make it possible to accomplish the formalities of starting up a business in less than 1 month," although at present it takes up to 6 months or more. In particular, Mr Fabius felt that one of the principal obstacles to setting up a company--the requirement to be registered in the Commercial Register--could be gotten round. Instead of waiting weeks or months for a response from commercial court, the minister indicated that that response "could be assumed to be positive, as in the area of building permits." The ball is now in the court of the keeper of the seals [the official heading the French judiciary] to whom the matter will certainly be referred. The National Agency for Business Establishment will hold its next Establishers' Symposium in Marseilles (in 1985). In 1983 45,000 contacts were established, and it hopes to have some 60,000 this year. The agency has already helped in the establishment of about 10,000 businesses. [By N. B.] [Text] [Paris LES ECHOS in French 24 May 84 p 5] 9631

MAJOR MICROCOMPUTER COMPANY LAGGING--SYMAG (Microcomputers) Dips Sharply Into the Red: Default on the part of a subcontractor, thus depriving the company of a sizable flow of orders? Inability to control excessively rapid growth? Instability of its stock, mirroring so many French PME's [small-and medium-sized businesses]? It is impossible to figure out what was in actual practice the determining factor which sent SYMAG plunging into the red. The fact remains that this jewel of the French computer industry, whose exemplary success often used to be compared to that of the California companies, is currently struggling in the very worst of difficulties to avoid bankruptcy after having been deserted by two of its bankers. One hardly needs to say that this news, which is beginning to spread in clandestine fashion, has hit like a bombshell in Grenoble-Meylan's ZIRST, where what are undoubtedly the finest looking growth rates in all of French industry are solely concentrated. In terms of growth rates, SYMAG used to have no reason to be jealous of others. Going back 5 years to the time the company, designing and building microcomputers at the upper end of the scale intended mainly for the scientific market, was established, SYMAG cheerfully saw its sales figure more than double every year. In 1983 there was a sudden stop to that, and there was a flood of losses amounting to 4 million francs, which compared to a sales figure of 25 million. This was a worrying situation, to be sure, but there would have been nothing disastrous about it if the first three months of 1984 had enabled the company to start up again like a shot. That did not prove to be the case. Nevertheless, SYMAG, which already has a broad range of microcomputers it makes mostly through subcontracting, has just brought out a new series, "l'Orchidee" [the Orchid], that according to its users themselves is extremely competitive and extremely high performance. So things are not clear . . . Have the bankers once again been overcautious in applying their regular rules to a company which, because it is in the advanced technology part of the spectrum, should be free of them? Have those running the company, for their part, not given enough consideration to the requirements of day-to-day management? This bankers/company heads confrontation is not really something new, and SYMAG is not going to be a precedent which will make it possible to resolve it once and for all. Be that as it may, the company, which employs about a hundred wage-earning employees, finds itself nowadays with its back against the wall. In order for it to pull through, to start with it is going to have to talk restructuring. "Only afterwards, when we produce evidence that we can pull through, will we think about funding capital stock," explains the company P-DG [chairman and managing director], Louis Balme. [By Philippe Lemaire] [Text] [Paris LES ECHOS in French 4 May 84 p 12] 9631

THOMSON SELLS SHARE BONDS--Last Wednesday in Paris Mr Christian Aubin, financial manager of Thomson, confirmed that that nationalized French group is going to increase the equity of its subsidiary Thomson-CSF by carrying out three financing operations involving a total of 3.5 billion francs. The 22 May Thomson board of directors meeting finally settled on the modalities of issuing 858 million francs of share purchase bonds. Nine hundred fifty-four thousand bonds with a 900-franc par value will be issued at a price of 335 francs per share for an 8-year term at 10.75 percent. With each bond will come two coupons each enabling the holder to purchase one Thomson-CSF share within a period of either 2 1/2 or 4 1/2 years following the bond issue. Starting from the end of this year holders will be able to exercise their rights of purchase since Thomson is going to increase capital stock with that aim in view. From 4 June to 18 June Thomson-CSF shareholders, including the state (with its 50.2 percent holding), will be able to subscribe on a priority basis for this issue of share bonds, on the basis of one bond for each five shares owned. Starting on 19 June unsubscribed bonds will be made available to the general public. The abovementioned financial officer also stated that this financing operation would not change the distribution of stock in Thomson-CSF unless private shareholders did not exercise their purchase rights in which case the state would hold 67 percent of its stock. After the group sells 1.2 billion francs of bonds convertible into Thomson-CSF stock and which will be reserved exclusively for Thomson SA, in mid-June it is going to float a 1.5 billion issue of standard bonds. That call for investor capital will make it possible this year to, among other things, allocate an additional 750 million francs to the group's "components" branch and 250 million francs to the medical sector. [Text] [Paris LES ECHOS in French 24 May 84 p 18] 9631

CSO: 3519/373

BRIEFS

RUDING ON 1985 GROWTH--Hilversum, 18 June--The government has raised its sights to aim for 3 per cent Dutch economic growth in 1985, Finance Minister Herman Ruding said at the weekend. In a radio interview on Saturday, Ruding said economic growth on this scale could contribute greatly to combatting Dutch unemployment, estimated at 847,800 in May. The finance minister added that he would champion the plan recently advanced by employers' organisations and trade unions, which called on firms to take on chronically unemployed young people at 70 per cent of the legally-established minimum wage. Ruding said he favoured this plan because of its emphasis on training. 'One of our mistakes in recent years was that young people were paid well, but did not receive enough training', he said. [Text] [The Hague ANP NEWS BULLETIN in English 18 Jun 84 p 7]

MORE JOBS BY 1986--Hoogeveen, 19 June--Social Affairs Minister Jan de Koning said last night that the government was on course with its economic and employment policies and claimed up to 250,000 new jobs could be created by the end of 1986. He told a meeting in Hoogeveen that this could be achieved through the government's policy of encouraging reductions in working hours coupled with work share-outs. If cuts in working hours continue and employers create enough new jobs to cover just half on the lost hours of production, then the net job gain will be between 225,000 and 250,000, de Koning said. He said that so far cabinet policy, aided by international recovery, had checked the growth in unemployment and created the right conditions for company investment and hence new jobs. De Koning praised a recent agreement between employers and workers in the metal working industry which combined wage moderation with the promise of new jobs in the industry. The social affairs minister also said it was of great importance to give priority to introducing large numbers of young people to the labour market. In this context, he said, the government was thinking of doubling the number of positions for apprentices and creating more opportunities for part-time work. [Text] [The Hague ANP NEWS BULLETIN in English 19 Jun 84 p 2]

CSO: 3600/41

SPAIN SAID CONCERNED BY CONCESSIONS TO EEC

Lisbon 0 JORNAL in Portuguese 15 Jun 84 pp 2-3

[Article by Manuel Lopes: "EEC: Madrid Accuses Lisbon of 'Exaggerated Concessions'"]

[Text] The Spanish Government is "concerned" and cautionary about the "exaggerated concessions" which Portugal is making to the EEC in a "political race for admission to the Common Market." It feels that the Portuguese position is "prejudicial to Spain," because it is being used by Brussels as a "precedent" in the negotiations with Madrid.

Spanish Government sources told 0 JORNAL that the Portuguese policy regarding the process of admission to the EEC had affected relations between Madrid and Lisbon in recent months and would, in the near and foreseeable future, create difficulties in their bilateral relations, which could "become tense or detached" in the coming months "if this picture does not clear up."

Because their respective admission processes are interrelated, despite the autonomy and independence of the "particular merits" of each of them, the disagreements between the Spanish and Portuguese governments in this regard have been constant--between the previous governments and no less between the Socialist governments. This "conflict of positions" was observed as early as the "Luso-Spanish summit" in November, although it went relatively unnoticed. It was one of the major topics of the discussions held recently in Madrid between Mario Soares and Felipe Gonzalez, and has marked the agenda and the pace of bilateral negotiations on such topics as fishing and trade.

Madrid intends to "proceed with caution, because we do not wish to affect the chances for bilateral dialogue on matters of common interest, but we must warn of the dangers represented by the dynamic introduced by Portugal," said sources consulted by 0 JORNAL. "There is no dialogue or exchange of information between Madrid and Lisbon regarding their respective admission processes or even regard³ the coming need to negotiate a temporary bilateral accord, for which no steps whatever have been taken," they added.

Spanish Government sources confirmed that Mario Soares and Felipe Gonzalez discussed this matter during a 2-hour meeting in Madrid in May. On that occasion,

Gonzalez voiced the Spanish "complaints" and tried to persuade Mario Soares to take a "firmer stand" with Brussels. "It appeared that, after this, machinery would be set in motion, but to date we have received no reply whatever," the sources commented. According to them: "After entry into the EEC the bilateral relations will have to improve, but it would be well to discuss this period and prepare for it between ourselves, now."

"In Madrid we have the feeling that the negotiations between Lisbon and Brussels are being used as a testing ground, and that negotiating papers are being presented to Portugal before Spain, to establish a diplomatic and juridical precedent for our negotiations," declared a high official of the Spanish Government. "Many times we have gone to Brussels seeking certain replies; the EEC usually tells us it is impossible to accede to the Spanish demands because there is already a Portuguese precedent and the EEC cannot treat Spain better than Portugal. This imposes a very harsh discipline upon us," the sources commented to O JORNAL.

"It was a shock that Portugal had been presented with an extremely harsh document on fishing, even questioning exports of canned sardines, of exceptional quality and well-packaged, and that it produced the reaction it did from the Portuguese Government." According to the Spaniards, "that [document] simply presaged the proposal that would be presented to Spain; they would have us accept the argument that Portugal had received virtually the same proposal."

"All this indicates that the EEC is very cleverly playing Lisbon against Portugal and, in the end, Spain will lose, Portugal will lose and only the EEC will gain," commented the Spanish government sources.

Portugal Could be Sorry...

These sources admit that "it is possible that one country will be admitted and the other one not. But the Portuguese," they declared, "must bear in mind that if it is permitted to join the EEC, accepting harsh conditions, Portugal's industry and its very economy will be placed in such a dramatic and sensitive position that it might produce a public reaction of 'remorse.' This is what happens when all hopes are placed in a political operation. If it is carried out and then turns out to be counterproductive, it generates movements in opposition and a strong swing to the other side." The Spanish authorities feel that the firm position adopted by Spain "does not penalize Portugal because, from our information, the Portuguese have already decided to conclude the negotiations on 18 September, although we continue to feel that Portugal could be much more demanding, because it creates fewer problems, and the logic was that the EEC would be more flexible with Portugal."

In the opinion of the Spanish Government, "because of this process, Portugal and Spain are losing their autonomy in the solution of bilateral problems, and the only ones to benefit by this operation are the EEC countries."

The Spanish authorities feel that "meanwhile, when we are admitted to the EEC, we Portuguese and Spaniards will have to forget Aljubarrota and other history and believe that we are in a situation that will give us more economic, juridical and social, agricultural and industrial latitude, in which there are no frontiers.

The proposal made some months ago, to create a joint commission between the two countries for the transition period, has not received any reply from Lisbon.

"We hope that when the time comes to negotiate on this period, the Portuguese authorities will be responsive, because they would be foolish not to," they comment. "If we have to negotiate something that pertains to the two countries, it would be lamentable if it were left to the EEC to impose conditions upon us." As a prime example, they note the case of fishing, because the settlement of the Portuguese-Spanish fishing dispute "would be imposed by Brussels. We must say that we are astonished that Lisbon has already renounced its historic rights, which might well force Madrid to renounce its rights as well. In the last analysis, however, neither Portugal nor Spain will benefit, but the EEC itself, because the Portuguese decision transcends bilateral relations."

The Spanish authorities recognize the risk of "an economic invasion by the monopolies and the European powers, which are stronger than the Spaniards, but in Portugal some people think it is better to be invaded by the French or the English than by the Spaniards."

In the opinion of the Spanish Government, the latest proposals by the EEC regarding agriculture and fishing "are simply unacceptable. Madrid continues to defend the principles of balance, gradual or progressive integration and reciprocity, and accuses Brussels of "placing the negotiations solely and exclusively in a commercial perspective, in the sense that the Spanish market is important because of Spain's 38 million inhabitants, and in cases where we could have some room to maneuver, in which we could be competitive, they are trying to impose very harsh conditions. We will not accept this situation," the Spaniards say.

The Spanish Government feels that this harsh position of the EEC has to do with the current election period, and that greater flexibility and a greater willingness to talk things out can be predicted after the elections for the European Parliament. Madrid feels that although 30 September has been established as the date for the termination of the negotiations, there is a maneuvering period which will go on until the end of this year.

6362
CSO: 3542/65

HOST OF MEASURES NEEDED FOR RETURNING EMIGRANTS

Lisbon DIARIO DE NOTICIAS in Portuguese 18 Jun 84 p 5

[Editorial: "To Welcome the Emigrants Home"]

[Text] The number of emigrants returning to our country has already reached an average of 42,000 per year; it is predicted that by the end of 1990--just 6 years from now--the total number of returning emigrants will have reached 700,000.

The revelation has just come from the Institute for Development Studies and, in all honesty, it should not surprise anyone.

Last December, it is noted, there was a meeting in Lisbon, sponsored by the Secretariat of State for Emigration, the central theme of which was precisely the return of our countrymen. What was said then, and reported in our mass media, should not have left anyone in doubt.

To be realistic, however, we are still seeing a strange insensitivity in the public and a disconcerting lack of coordinated and organized action, which is beginning to leave us with a clear and definite sensation that the authorities are [not] truly aware of the gravity of the approaching problem. The serious problem, in the end, is not the wish to return home, which is being observed and which from all indications will intensify; what is serious, actually, is the failure to set in motion a whole series of specific and well coordinated actions to deal smoothly with this return.

The movement for repatriation stems from two main reasons. On one hand, the emigrant feels he has achieved his material goals in the country to which he emigrated and has saved enough to insure a future without major problems, which would enable him to make the return which he has always dreamed about during his years without roots. On the other hand, there has been a gradual deterioration of the European job market, and the governments of the countries which took in manpower are themselves offering incentives for repatriation.

The first of these two basic reasons does not, in itself, offer cause for any great concern. In fact, the emigrant who returns with his nestegg assured, with his savings yielding a return, with his own home and the ability to go into business or into small industry on his own, will face, at most, the problem of competition.

It is, however, entirely different for the emigrant who returns to his native land after a half-dozen years abroad which were not profitable for him, who brings with him only the repatriation subsidy granted by the country of placement--which is now sending him home.

If it is true that Europe is now undergoing a deep economic recession, there is no one here who is not aware, from personal experience, how much this crisis has sharpened in our country. What prospects are there for the emigrants themselves and for the country in general, faced with this new surge in population growth in such a short span of time, in a territory whose resources are increasingly drained and where, in certain areas, there is already an alarming possibility of real famine? What level of life can they expect? How and by what means can these thousands of our countrymen--who are arriving and who will continue to arrive in ever increasing numbers--contribute to the nation's recovery? Or will they aggravate the crisis? What jobs can they fill and what education and technical training do they have for a profession? Will they return to their native areas or will they be attracted to the large urban centers--Lisbon, Porto, Coimbra--and further aggravate the problems inherent to those centers? How will their children adapt to an environment very different from those in which they began their schooling and where they acquired living habits and social behavior naturally very different from those which are characteristic of our society?

There is a whole range of questions that go beyond the purely economic plane to which our thinking is normally limited; they call for a whole broad plan to be set up by the authorities for the reception and integration of the returning nationals, without improvisation and without delay. Is this process really being carried out with any sense of urgency?

6362
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ACADEMIC ON BARCELONA AS COMPETITIVE INTERNATIONAL PORT

Barcelona AVUI in Catalan 3 Jun 84 pp 13-14

[Interview with Joan Alemany, professor at the University of Barcelona, by J. Perramon; date not specified]

[Text] For Joan Alemany, professor of the Faculty of Economic and Managerial Sciences of the University of Barcelona, economist and contributor of the Center of Planning Studies, the future of the port of Barcelona is in achieving competitiveness on the international level. "It is not enough," he says, "for the port to function effectively, but it will have to know how to attract maritime traffic despite large-scale international competition, something that calls for large-scale commercial management." Under the auspices of the Autonomous Port of Barcelona a research study has just been published written by Joan Alemany and titled "The Port of Barcelona. History and Current Status" [El Port De Barcelona. Historia i Actualitat] This interview tried to focus on its economic program.

[Question] In its broad outlines, what has the history of the port of Barcelona been?

[Answer] The first period is buried in history and may be framed from the beginning of settlement of the environs of Barcelona, specifically of a few Iberian settlements on the side of Montjuic Mountain, until the time when the building of a harbor began in 1438. A second period could be that of the building of an artificial harbor, with all the obstacles this involved, with silting and the struggle against storms. It should be recalled that La Barceloneta beach does not have a natural harbor, as was true for the primitive ports of the most important maritime cities in the world. This second period goes from 1438 to 1850, and it was only in the middle of the past century that construction methods made it possible to overcome the aforesaid difficulties. With the most modern harbor construction, with their docks and cranes, we might say that a third period was ushered in, which comes down to today.

[Question] What importance has the port of Barcelona had in each of these periods?

[Answer] In the first period, in which we did not have an artificial harbor, finds the city of Barcelona engaged in the commercial expansion of the Mediterranean. I would say that the second period is the most prominent due to the wild 400-year struggle to achieve a safe, important port for maritime traffic. During this period the Council of 100 was in charge of building the harbor and for this assignment famous foreign master builders, specialists in building artificial harbors, were called in.

As for the third period, Pierre Vilar shows in his book "Catalonia in Modern Spain" ["Catalunya dins l'Espanya moderna"] that one of the important elements in the formation of capital in the 19th century, which later was to be invested in industry, was the commercial traffic with America, which was basically maritime and was carried out through the port of Barcelona. What this means is that this commercial traffic with America could develop thanks to the fact that Barcelona, despite problems in building it, had an artificial harbor.

[Question] From the economic point of view, what has the port of Barcelona represented in the third period referred to?

[Answer] I would say that the port of Barcelona has given all the important "inputs" to the Catalan economy. In the first place, in energy products with the importation of coal, to which oil and natural gas were added later on. Finally, in this third period the port of Barcelona has been the nucleus for the industrialization of Barcelona.

[Question] What role is the port of Barcelona developing in the foreign trade of Catalonia?

[Answer] A very high percentage of the foreign trade of Catalonia is carried on through the port of Barcelona. It should be stressed, however, that we have the port of Tarragona, complementary to that of Barcelona. This is a port known for importing crude oil, but the rest of Catalan foreign trade is carried on through the port of Barcelona. That is, most of the goods that enter the port of Barcelona are destined for the Catalan hinterland and only a small part to other areas of Spain.

[Question] In terms of traffic, how important is the role of the port of Barcelona within the Mediterranean harbor system?

[Answer] Contrary to what is usually said, at the present time, per volume of traffic, the port of Barcelona must be in 6th or 7th place among Mediterranean ports. But this does not mean that where importance is concerned, it does not occupy a more prominent place. With regard to importance, it occupies 3rd place, after the ports of Genoa and Marseilles. One must take into account that a port's importance is not calibrated by the total volume of tonnage, but by what corresponds to total general merchandise. It is obvious that all ports that have a refinery behind them, or big heavy industries, which is not the case for Barcelona, have an advantage with regard to movement of total tonnage,

but this is not related to a port's total movement, which is measured by the commercial traffic measured in tons of general merchandise being moved. So taking only this aspect of general merchandise, it may be estimated that the port of Barcelona occupies one of the first places in the Mediterranean harbor system.

[Question] In general merchandise, what does the port of Barcelona move?

[Answer] According to the latest available 1983 statistics, the port of Barcelona moves 19.5 million tons of general merchandise. This is an extraordinary figure if you take into account that it does not have refineries or big heavy industries that require big loads of "inputs." Indeed, the commercial traffic of the port of Barcelona is very balanced and we could say that it may be divided into three parts: solid dry commodities (cements, cereal), liquid or liquified commodities (gasoline, natural gas), and third, general merchandise.

[Question] How has the crisis determined the gradual development of the traffic of the port of Barcelona?

[Answer] In this regard, a rather extraordinary situation has occurred. The crisis of 1973 was somewhat slow in reaching the world's main ports, but from 1975 on they began to lose traffic and some have lost as much as 30 percent. Yet Barcelona harbor traffic, except for 1978, when it showed a slight loss, experienced growth in the crisis years. Thus traffic has gone from a volume of 12 million to 19.5 million tons, which is a quite extraordinary situation.

[Question] What is the total amount of traffic in goods?

[Answer] The total amount figure is not available: what is available is the total foreign traffic through customs data. According to the latest statistics for the year 1981, the amount of foreign traffic of the port of Barcelona came to 380 billion pesetas for 1981. Currently it must be over half a trillion pesetas, and counting it all, this amount may come to from 700 to 800 billion pesetas.

The plans for the Free Zone and the development of the district of La Barceloneta are obviously highly influenced by the location of the port. Recently, the construction of the Bosch Alsina pier and the shoreline belt are works which justify it.

[Question] Does the port of Barcelona produce many jobs?

[Answer] Many more than is usually thought. One may consider that indirectly or directly there are currently about 16,500 persons who work there. About 800 work in administration, about 2,000 in stevedore enterprises and between 1,800 and 1,900 are fishermen, crewmen and bench [llotja] workers. An additional 2,000 workers are in consignee enterprises. The total number of daily jobs or jobs partially involved in port work may be estimated between 16,000 and 17,000 persons, as we stated earlier.

[Question] When did the autonomous statute of the port of Barcelona become effective?

[Answer] In 1978. Specifically, it was promulgated by Royal Decree No 2,047 of 27 August. The recognition of the statute of autonomy was a fair aspiration of the port of Barcelona and there is no need to say that its attainment has been an important milestone in its development. Nonetheless, in this regard we find ourselves outdistanced regarding the Mediterranean harbor system. Thus the port of Genoa has had its statute of autonomy since the beginning of the century and Marseilles has had one since 1975.

[Question] What standards does the autonomous port statute establish?

[Answer] The statute is basically a standard that regulates the internal organization of the port, stressing private mercantile law and only in some cases the area [vessant] of administrative law. That is, the statute regulates the internal organization of the port with regard mainly to serving its basic objective, which continues to be service to the economy, effectiveness in loading and unloading and in rendering services.

[Question] Despite the statute of autonomy, on what issues is government control still maintained?

[Answer] Mainly by virtue of the fact that three persons on the board of management (the chairman, director and secretary) are named by the government minister. Another control comes through investments, which when they exceed 100 million pesetas, must also be approved by the ministry.

[Question] As far as ports are concerned, what legal authority does the Autonomous Statute of Catalonia grant to the Generalitat?

[Answer] The statute of autonomy specifically transfers the legal authority for all those ports which are not of general interest. So transfer has been made to the Generalitat of the legal authority for all the ports of Catalonia, except that of Barcelona, which has its own autonomous statute, and that of Tarragona, which functions with a regime of some autonomy, with an autonomous council like the one that existed previously in the port of Barcelona. The Generalitat has the right to have three members on the administrative council of the port of Barcelona.

[Question] In what way does the autonomous port statute give the port more effective administration?

[Answer] The autonomous port statute gives the port much more management effectiveness because now it can carry on directly all works and services; that is, it has much greater administrative capacity and at the same time it can give it more effectiveness and speed. Before, in order to get anything done, the central administration had to grant permission, something which does not happen now, since currently permission must be obtained from the central administration only for works exceeding 100 million pesetas in value. As is logical, this has improved the port's effectiveness and capacity to act.

[Question] Is the exploitation of the port of Barcelona profitable?

[Answer] It is profitable. That is, there is no deficit. This shows that the economic position of the port is not currently bad. In fact, it is logical for it to be so, if you take into account that the traffic in general merchandise involves, by means of rates, some growing revenues.

[Question] From the point of view of capacity and installations, in what position is the port of Barcelona?

[Answer] The port of Barcelona currently has a very considerable area, 910 hectares. Of these, 400 are on water, that is, docks or inner harbors, and 510 of land area. Another very significant datum may be that the total docks of the port of Barcelona come to a total length of 28 kilometers, that is, the approximate distance from Barcelona to Mataro.

[Question] Does the increase of traffic impose the need to enlarge the port?

[Answer] I don't believe so, because the most modern techniques of loading and unloading constantly improve the capacity to act, that is, more goods can be loaded or unloaded in the same space, which is happening around the world.

In any case, its expansion would have to be linked to the industrialization of the Free Zone, with businesses that have a clearly maritime calling. That is, if an industrial area attached to the port is established for the purpose of lowering shipping costs, then I believe it would need to be enlarged.

[Question] From its inception as an autonomous port, what has been the main problem posed by the port of Barcelona?

[Answer] Probably the labor problem. The port has a complex labor problem, with big troubles when labor agreements are negotiated. The strikes of the years 1975-1980 tested its growth. Nonetheless, labor considerations are assuming a serious problem in all the world's ports.

[Question] What growth have the port's building plans had?

[Answer] At present the port of Barcelona, although it is growing, is doing so on the basis of an ordinance plan of the port from 1966, which is becoming obsolete because all the building it projected is being carried out or else has been completed.

This plan was to be carried out in two major phases. The first projected building what is now called South Dock No 1. At present South Dock No 2 is being built; it corresponds to the most traditional part of the port. Another basic consideration was the building of the inner harbor with the Princess Sofia dock, for containers.

So it may be said that with the building under construction during the length of the aforesaid period, the growth possibilities of the plan have been

exhausted. Taking this into account, the port has purchased 120 hectares from the consortium of the Free Zone, an area which will allow enlargement of the port in the coming years, when it may be needed.

[Question] How far must future changes go?

[Answer] The port of Barcelona at present constitutes a large engineering structure, but needs large-scale management from the commercial point of view, that is, the ports, besides functioning effectively, must know how to attract traffic, but since there is not enough traffic there will be much competition in the future not only among ports of the Mediterranean system, but also among all the large European ports. So the main problem for the future is that there will be very strong action from the various ports to attract traffic, both among Mediterranean as well as Atlantic ports. And when that happens decisive action will be necessary. As in any undertaking, better services and rates will have to be offered so as to attract the traffic which by passing through the port will leave a good deal of wealth in the country.

12448
CSO: 3548/272

EXPORT FRAUD RESULTS IN TAX LOSS, SPARKS INQUIRY

Istanbul DUNYA in Turkish 23 May 84 pp 1,7

[Text] It is learned that the practice of inflating export revenues so as to get more tax rebate is being employed to benefit from exemptions in corporation tax as well.

While export revenues are being inflated above their actual value by means of 'forged billing', firms which are engaged in export fraud are also benefitting from corporation tax exemptions as well as tax rebates. Firms which export goods valued in excess of \$250,000 are exempted from paying corporation tax for 20 percent of their export revenue above that figure.

Firms which are engaged in export fraud are not only receiving extra tax rebates but also withholding tax payments. It is reported that the amount involved in the corporation tax scam is no less than the tax rebate fraud.

The Corporation Tax Law no. 5422 was amended by Bill 2373, and it was announced in The Official Gazette dated 19 Feb 82 that in the exporting of industrial products 20 percent of the revenue above \$250,000 would be exempted from corporation tax. However, for firms which exported goods not produced by themselves the exemption was to be only 5 percent.

In practical terms, a manufacturer of finished textiles, for instance, who misrepresents his actual exports of \$100,000 to be \$500,000 thus becomes able to keep TL 17.5 million out of the reckoning for corporation tax purposes, in addition to the TL 35 million tax rebate he has already received (calculations based on \$1 = TL 350). Thus while he is receiving tax rebate TL 28 million more than he is entitled to, he is also receiving exemption from corporation tax.

It is reported that to make TL 10 appear TL 100 in the books requires 'forged billing'. Firms are required to attach a 'producer's bill' to their customs declarations. The most typical example of export fraud occurs in the export of hand-woven carpets where the following procedure is applied. Since hand-woven carpets are subject to tax exemption, a producer's bill is filled out instead of a regular bill during the sale. The firm involved in export fraud then inflates the value of the carpets in the bill.

In other products similar procedures are followed. Firms make arrangements with the producers not only to inflate the bill, but also to declare themselves as the producer so that there is no need to fill out a separate producer's bill in customs declarations. Yet another procedure is to make out the bill in the name of a money-losing firm. Revenue is then credited to the loss account thus avoiding the taxman.

Since some of the small firms involved in export fraud have transacted their business through the big trading companies, the latter have also been held accountable. The firms which mediate in export transactions receive a copy of all bills presented to the customs by the exporting firms. At the stage where the tax rebate is received, the trading company sends a copy of the producer's bill to the Central Bank. It is claimed that those circumstances enable the mediating firms to be in control of export fraud.

Serif Egeli, managing director of ENKA Marketing, whose views we sought on the matter said: "Trading companies have the means to control the activities of the small firms. For this reason, many firms like ourselves have foregone this kind of export transaction."

Istanbul DUNYA in Turkish 23 May 84 p 1

[Text] An investigation has been started under the direction of The Office of the Permanent Undersecretary of Treasury and External Trade, after indications of export fraud via Federal Germany and Switzerland became apparent in April and May of 1984. The investigation of the Office of the Undersecretary is being conducted on a general plane apart from a number "circulating names."

According to reports, the Office of the Undersecretary is conducting the investigation in "several directions." The Incentives-Implementation Department of the State Planning Organisation, having started with the firms whose names have been mentioned in connection with export fraud, is trying to secure information about the contracts of the firms which have exported during the stated period, as well as the plausibility of the export prices vis-à-vis domestic and external markets, and the levels of prices in view of the specification of the goods in question. This information is being sought from the relevant authorities. Officials at the Office of the Undersecretary stated that the investigation is conducted by examining export certificates, "for the time being". In the investigation of the tax rebates, the Incentives-Implementation Department is conducting studies based on the Central Bank data.

An official at the Office of the Undersecretary maintained that the present investigation is important not in a "specific" sense, but in its "provision of data aimed at improving the overall structure of exporting", adding that "the problem is not new." Arguing that "the policy of high tax rebates would unavoidably attract a few firms and exporters to this kind of practice", the official maintained that by means of graduated bracketing in the tax rebate system "the danger of export fraud would be prevented."

The official said:

"The behavior of the firms which inflate prices so as to qualify for higher tax rebates does not constitute sufficient reason for the wholesale condemnation of export organisations. If the investigation firmly establishes that certain firms have indeed engaged in this practice, then sanctions within the existing export regulations would suffice as punishment."

12466
CSO: 3554/232

FRG'S STRAUSS DEMARCHE ON AIRBUS, AKKUYU, COMMUNICATIONS

Marketing 'Airbus' Airplanes

Istanbul CUMHURIYET in Turkish 23 May 84 pp 1,7

[Text] Franz Joseph Strauss, premier of Federal German province of Bavaria, has arrived in Turkey yesterday for a ten-hour official visit, and made a number of calls with a view to marketing the airplanes called 'Airbus' which are manufactured by a firm of which he is a director.

Strauss who is the chairman of the Christian Socialist Union, a coalition partner in the present government, first met with Foreign Minister Vahit Halefoglu. In this meeting political relations between the two countries, and issues concerning NATO were discussed. Later, Strauss had meetings with the Finance and Customs Minister Vural Arikan, and Minister of State and Deputy Prime Minister Kaya Erdem.

Strauss who is the chairman of the board at Airbus Industries made clear their interest in selling A-310 type Airbus passenger planes to Turkey offering the best terms. These planes are jointly produced by Federal Germany, France, Britain and Spain. Strauss, who is acting as a salesman for the planes, said that 120 orders have been placed from various countries.

Referring to the meetings held earlier, the Bavarian Premier said: .

"Turkish-German friendship is not merely words. It goes back a long way. We are aware how important Turkey is at the southern flank of the Atlantic Alliance. In this context, we subscribe to German-Turkish technical cooperation. Turkish workers in Germany are not viewed as undesirable aliens. We respect them. But they have some problems."

Referring to his meeting with Prime Minister Ozal during which they had discussed certain technical subjects Strauss said:

"The Hon. Prime Minister and I have discussed the Siemens bid for the Akkuyu nuclear power station. More than 10,000 Turkish workers are employed at this firm. When the Akkuyu project gets under way 2000 jobs will be made available in Turkey. Digital has a project for the modernization of Turkish Post, Telephone, and Telegraph Administration (PTT), and Siemens is working on related programs."

Pointing out that Turkish Airlines (THY) would have to renew its air fleet in coming years, Strauss made it known that he is making contacts over this issue:

"We are engaged in a severe competition with Boeing. I am one of the founding fathers of Airbus. I am the honorary chairman of the board of directors. Our sole aim is to prevent the US from establishing a monopoly. We offered a proposal to THY. We have proposed the kind of plane that can be operated on all THY routes."

In answering another question, the Bavarian Premier said:

"THY has to purchase this type of plane. Otherwise it will lose out in international competition. The question at hand is who is offering the best plane with the most economical terms?...We are not talking who buys the most trousers, or any such thing...Turkey presently has need for eleven planes."

No Agreement Reached

Istanbul TERCUMAN in Turkish 23 May 84 pp 1,10

[Text] Agreement could not be reached at the meeting in Istanbul between Prime Minister Turgut Ozal and the Premier of Federal German Province of Bavaria and Board Chairman of Airbus Joseph Strauss. Prime Minister Ozal demanded that in return for the European offers concerning nuclear reactor construction, sales of airplanes, and electronic communication exchanges, the restrictions imposed on Turkish textile products by the EEC be lifted.

Arriving from Istanbul to Ankara yesterday, Strauss organized a newsconference at Esenboga Airport. Labelling Ozal's linkage between nuclear stations, airplane sales, electronic exchanges and EEC restrictions on Turkish textiles as a wrong combination, Strauss maintained: "Forget about the EEC restrictions, you need new planes." Referring to Siemens' bid for the prospective nuclear station in Akkuyu, Strauss said: "Nuclear stations are for your own good rather than ours."

Meeting with Ozal

In answering journalists' questions at Esenboga Airport, Premier Strauss referred to his meeting with Prime Minister Ozal which was held in Istanbul the previous evening. Stating that they dwelled upon various subjects, he said:

"We dwelled upon Turkey's economic development policy as well as Turco-German friendship. The friendship between Turkey and Germany is not merely words, it is a reality. As Germany we attach importance to the strengthening of the Turkish armed forces. I have always been a proponent of the German military-technical aid. We considered the situation of the Turkish workers. It is natural that certain problems arise with regard to Turkish workers, but these should not be exaggerated. I have explained to Prime Minister Ozal the Euro-

pean views and offers concerning the three main projects. The first of these is the Akkuyu nuclear station that could be jointly built by Turkey and Germany. This project will be realized by Siemens. Siemens also made an offer in relation to the electronic communications exchange which was placed on bid by the Post, Telephone, and Telegraph Administration (PTT). As Airbus we are engaged in severe competition with the American firm Boeing regarding Turkish Airlines' (THY) renewal of its fleet and the expected purchases. I am the honorary chairman of Airbus board of directors. Our efforts are directed at preventing the Americans from establishing a monopoly."

EEC Restrictions

A journalist asked:

"Speaking at the Assembly the other day, Prime Minister Ozal announced the European offers, exclaiming how on earth could we buy these planes, and award the nuclear station to Europe while the EEC restrictions are still continuing. How do you respond to the Prime Minister's view?"

Strauss gave the following answer:

"I think this is an erroneous linkage. We defend free trade within the Common Market. However, Germany is not in a position to play a separate role within the EEC. Apparently, Ozal is alluding to France. Moreover, the members of the Common Market do not have the option of entering into trade agreements on their own. This is done by the EEC Commission. And lets not forget that amongst all the EEC countries Germany contributes the most to the Turkish balance of payments."

12466
CSO: 3554/229

PUBLIC HOUSING PLANS FOCUS ON 'SATELLITE CITIES'

Istanbul TERCUMAN in Turkish 31 May 84 p 6

[Article by Resat Yazici]

[Text] Construction of one million new housing units is planned at a cost of 2 trillion 188 billion liras in the next 5 years.

Targets and policies have been established in connection with housing in the Fifth Five-Year Development Plan, for which preparations were completed.

The Fifth Five-Year Plan will be studied by the High Planning Board in the coming days. There are three sections under which housing is viewed in the plan: the present situation, policies and targets. Accordingly 183,000 units will be constructed at an expense of 343.8 billion liras. In the next five years the construction at a total of 2.188 billion liras of 1.161 million units is targeted.

During the enforcement period of the plan housing loans will be provided as "cooperative loans, collective construction, individual construction, land, materials, projects, and supervisory services."

In addition, it is proposed that housing units indegenious of particular areas should be developed as a policy and that dwellings which are still economically viable should not be allowed to be torn down.

Under the main policies section, a breakdown of sectors and enterprises eligible for construction loans and which will receive support are as follows:

Cooperatives
Collective housing builders
Housing contractors
Private builders
All purchasers and sellers
Land, materials, supervisory services and planning loans.

Again under the same section it was noted that infrastructure and improvements will be provided for the currently unlicensed buildings and shanty towns, that the state sector lodgings will be completed, that educational

studies will be undertaken in the field of village dwellings, as well as establishing coordination between assigned organizations and that policies will be developed which will enable a revival of satellite cities.

Destruction Of Older Dwellings Will Be Curbed

Measures that will be in effect in the next five year planning period in connection with housing are as follows:

- Buildings still economically viable will not be destroyed.
- Plans which are not contradictory to the family concept of the Turkish nation and its traditions and customs will be supported.
- Standards in rural buildings will be raised.
- Types of housing that can endure natural disasters will be produced.
- Emphasis will be placed on infrastructure aiming at a healthier environment.

Targets And Expenditure

An average of 5.4% growth is foreseen in the housing sector during the Fifth Five-Year Plan period. It was noted that only 825 billion liras will be paid from the Collective Housing Fund. Again it was noted that demand for housing during the same period would be 1.491 million units. Accordingly the shortage to arise due to lack of financing within five years will be a total of 330 thousand units.

Fourteen Thousand Subsidized Housing Units Will Be Sold

Izmir-Anatolian Agency--The Minister of Public Works and Housing Sofa Guray disclosed that 4,000 subsidized housing units will be sold for the first time in Turkey. Guray, noting that the relevant legislation will be enacted within two weeks, said, ...the sales will be made at the current market price. Citizens who are presently occupying these will be given priority in purchasing them.

9834
CSO: 3554/237

BUSINESS-GOVERNMENT RIFT OVER ECONOMIC POLICY

Istanbul CUMHURIYET in Turkish 31 May 84 pp 1, 6

[Text] Business Pessimistic

Ankara-Anatolian Agency--Businessmen's rift with the government over the economy came to a showdown in Ankara yesterday. A shower of criticism was aimed at ministers present at the ceremony organized by the Ankara Chamber of Commerce to present award shields to those members who were champion tax payers, who provided Turkey with most foreign exchange and who topped the exports volume.

The "complaints" expressed by the president of the Union of the Chamber of Commerce Mehmet Yazar, the Ankara Chamber of Commerce Board director Gungor Yener and the President of the Ankara Chamber of Commerce, Turgut Ilhan respectively, concentrated on high inflation, tight money policies, export monopolies, tax policies and price hikes. The Minister of Industry and Trade Cahit Aral and the Minister of State Ismail Ozdaglar who responded to the critiques defended the policies that were implemented, reiterating that the points of criticism "will improve in time."

The businessmen are "bombarding" the government with the following criticism:

Mehmet Yazar: "We are striving to find sources of revenues. The government is partner to the entrepreneur, but has not stake, in which case it must respect the partner who is assuming all the risk. There are too many taxes. This system will not increase tax revenues. I fear that in view of the shortage in cash flow and due to the recession, expected tax revenues will not reach desired levels. Exports should not be diverted in this artificial way to the big corporations. The share of these corporations within the total volume of exports does not exceed 10%. The implementation of the progressive premium system results in fictitious exports this should be changed."

Gungor Yener: "We find the impact of high inflation on all the strata of the society a cause of concern. The success in fighting inflation has been insufficient. The economic measures have to succeed. Otherwise the alternatives will be unacceptable to the nation and the state. That

the sacrifices to be sustained should be undertaken by every one is unavoidable. We are apprehensive that these economic measures will cause devastating destruction upon medium and small enterprises as well as upon middle and fixed income groups. Tight money policies and S.E.E. price hikes create widespread discomfort and frustration. The necessary cooperation needed in the implementation of the economic program has not materialized. The slow motion of the bureaucracy is also continuing."

Turgut Ilhan: "The authorities have not made satisfactory disclosures on the topic of fictitious exports. This topic retains its obscurity. Those who are guilty should be exposed and punished. Reliance on big corporations in exports has not yielded the expected returns. The market place is suffering with recession. There still is insufficient cash flow. The economy has been unable to enter into an investment phase because interest rates are still high. Banking and stock markets have not arrived at the desired level of development. The SEE's are still handicapping the economy. Tight money policies have been ineffectual in fighting high inflation. The middle classes are burdened with the heaviest share of this load."

Minister of Industry and Trade Cahit Aral: "More investment has to be made. More investment requires more imports. For this we must either find loans or increase our exports greatly. The tight money policies are emergency measures. They are not definite methods of treatment. Before we came to power we had established that the M.1 had greatly increased. When we came to power we panicked. As soon as we arrived we increased the interest rates and withdrew the money back to the banks. Tight money policies will continue for a while more. After five years exports will reach twenty one billion dollars. Social welfare will be attained, the middle classes will gain strength. Productive investment is necessary. Although housing investments incite inflation, we are going to invest in housing projects."

Minister of State Ismail Ozdaglar: "We shall follow a policy which will gradually decrease taxes. We will implement a just tax system. No hikes in the prices of the SEE products were made despite great jumps in the value of the U.S. dollar. We did not effect any price hikes for some time after coming to power. We were late in adjusting the prices. That these adjustments were not made during the first days of our tenure obliges us to make adjustments which had severe impact. In the coming months the price curve will show a more positive trend. I am hopeful that our struggle against high inflation will bear its fruits within one or two months."

9834
CSO: 3554/237

NEW NATURAL GAS PIPELINE TO BE BUILT

Vienna DIE PRESSE in German 2/3 Jun 84 p 9

[Article by DIE PRESSE correspondent Margarete Freisinger: "A New Gas Pipeline through Austria: European Network to be Expanded Further"]

[Text] BAUMGARTEN/VIENNA. The recently concluded agreement for the delivery of additional natural gas from the Soviet Union to Italy makes construction of an additional gas pipeline through Austria a necessity. As announced on the occasion of a ceremony marking the 10-year existence of the Trans-Austria Gas Pipeline (TAG), a pipeline running parallel to the TAG will have to be constructed within the next few years at a cost of approximately 6 billion shillings; the transportable capacity will thereby increase from the previous volume of 10 billion to 18 billion cubic meters annually.

Austria holds an important position within the European Natural Gas Network. Until now, slightly less than 80 billion cubic meters of Soviet natural gas have been transported through the TAG, which began operation in 1974 and runs from the Czech border near Baumgarten to Arnoldstein. Most of the gas was destined for Italy, but shipments were also made to France and Yugoslavia and for supplying natural gas to Austria's southern provinces.

In 1978, the SOL branch pipeline (South-East-Pipeline) to Yugoslavia began operation. It was followed by the WAG (West-Austria-Gas Pipeline) in 1980, which runs from Baumgarten to the Austrian-German border near Oberkappel.

Soviet gas destined for France is transported via the WAG. In addition, it supplies parts of Lower and Upper Austria and Salzburg with natural gas. The TAG and WAG are part of the European Natural Gas Network reaching from the North Sea to the Mediterranean and from the Atlantic Ocean to the East European transport networks.

The TAG cost about 4.7 billion shilling and was financed by the State OeMV AG [Austrian Petroleum Administration] and the Italian gas company Snam. The OeMV AG has a 51 percent share in the operating company and an 8 percent

share in the financing company. The remaining shares are currently in the hands of the Italian partner. A similar solution is also being discussed for the new branch yet to be built.

During the ceremony at the Baumgarten natural gas station, OeMV General Director Herbert Kaes stressed the willingness of the State oil and gas corporation to continue to cooperate harmoniously with the Soviet Union and Italy. As early as 1968, OeMV AG was the first West European company to enter into a long-term agreement with Moscow for the importation of natural gas, which served as a model for a number of similar agreements with other countries. It was only recently that already the fourth natural gas agreement was signed in Vienna. In addition to the approximately 2.5 billion cubic meters per year previously agreed upon, a further 1.5 billion cubic meters of Soviet natural gas will be delivered starting in 1989 after a six-year construction period, thus bringing deliveries covered by the agreement to 4 billion cubic meters annually. Numerous prominent guests from Austria, the Soviet Union, Italy, France, the Federal Republic of Germany, Czechoslovakia, Hungary and Yugoslavia took part in the ceremony, including Soviet Gas Minister Dinkov and Deputy Foreign Trade Minister Osipov.

12412
CSO: 3620/332

ENERGY USE DROPPED, NATURAL GAS SALES ROSE IN 1983

Brussels DE STANDAARD in Dutch 11 May 84 p 3

[Text] Brussels--Although the use of energy in Belgium fell last year by roughly six percent, natural gas sales rose by five percent. At the same time, this represented the first increase in gas use since 1979, which among other things must be ascribed to the relatively limited increase in the price of natural gas in 1983. These figures were revealed yesterday by the Distrigas Corporation at a press conference held in connection with the annual general meeting.

The year 1983 was characterized by a moderate increase in the price of natural gas, the Distrigas management stated. The average increase amounted to eight percent, as compared with 37 percent in 1982, an increase which in large measure was influenced by the vastly higher prices of oil products then. Because of the limited price increase, therefore, natural gas was also able to improve greatly last year its competitive position with respect to extra heavy fuel oil, and gain back a part of the market position it had lost.

Distrigas profits in the gas sector rose last year by 23.5 percent, to more than 86 billion francs. Net earning rose by 17 percent to 580 billion francs, so that a net dividend of 730 francs can be paid out, whereby the high-water mark of 1981 has once again been reached. Chairman Van Hecke announced that the board of directors had this year approved an increase of 1.10 billion francs in the capital, which currently amounts to 3.51 billion. (The general meeting, moreover, gave its unanimous approval to all the proposed resolutions.)

The year 1983 was marked by a wider spread in the sources that supply natural gas consumption in Belgium. Gas sales were forthcoming from the following sources: 59 percent from Slochteren in The Netherlands, 21 percent from the Norwegian sector of the North Sea and 20 percent (as compared with only four percent in 1982) from Algeria. Last year the government definitively approved the Statfjord contract, of which the objective is to maintain at the present level Belgium's Norwegian sources of supply.

Zeebrugge

Exclusive of the natural gas depot at Zeebrugge, Distrigas last year invested 725 million francs, of which 60 percent was allocated to storage facilities, especially those at personnes-lez-Binche, Anderlues and Loenhout. The dilatory nature of the proceedings involved in conferring the government security for the liquid natural gas depot led to a delay in completing the construction in Zeebrugge.

This year will see the establishment of the so-called Terminal Corporation, which is to take over the installations at Zeebrugge. The commitments entered into in connection with the project now amount to 10.3 billion francs, which is about 65 percent of the costs of the operation. As planned, the terminal is to be in use some time in 1987.

The oil contract imposed on Distrigas a few years ago by the government then in place (and of which the Belgian nation also bore the losses), had by last year almost completely run out. During the course of this year, the last traces of this contract will have wholly disappeared from the ledger. And the dispute with the Ferroil Corporation, which collected the administrative costs for the oil contract, seems to be ending, now that Ferroil forfeited the bank security furnished by Distrigas last March.

Distrigas is thus once again concentrating its wholehearted efforts on natural gas, a product with a future, and there are three reasons for this. First, the present over-supply, together with the decrease in the world demand for energy, would have to force the oil-producing nations to consider lowering the price of natural gas. (In that connection, Distrigas considers it necessary to renegotiate the current supply contracts in the aim of adapting them to present-day market developments.)

Secondly, and this is the opinion of the Distrigas people, environmental problems such as acid rain should encourage those countries with a high rate of use to prefer the consumption of more products that are not hostile to the environment, such as natural gas. Finally, a great deal more energy can be saved by using the new techniques recently developed for specific application to gas, rather than by using rival fuels.

8117
CSO: 3614/92

AUTO INDUSTRY, REFINERIES CLASH OVER UNLEADED GASOLINE ISSUE

Paris LES ECHOS IN French 29 May 84 p 11

[Article by Didier Duruy: "Unleaded Motor Fuels. French Refiners Adopt Italian Compromise. Ultimately, Gasoline With an Octane Rating of 94"]

[Text] Waves from the stone thrown by the Germans into the issue of pollution in motor fuels (elimination of lead from 1986 on) are still rocking the governments, automakers and oil companies of the EEC. Meeting at the end of last week, French refiners decided to enter the debate with a plan reminiscent of the compromise adopted in Italy by the affected parties: retention of the present premium (octane rating of 98 with 0.4 grams of lead per liter) until the cars presently on the road are replaced, and substitution of an unleaded fuel with an octane rating of 94 for the present regular (90 octane).

This situation, which means that ultimately there will be only one fuel, is tantamount to creating a Franco-Italian coalition to confront the German battering ram. Renault and Peugeot will perhaps be reluctant to support the refiners' plan.

The French oil companies' proposal seeks to skip the intermediate stage, which would have a lead content of 0.15 grams per liter, and to avoid the expense of the temporary installation of a third pump in stations. In all, the investment would be more than Fr 5 billion.

The Latin Plan

To understand the attitude of the oil companies, certain basic facts must be kept in mind. Without the addition of lead, fuels from French refineries would have an average octane rating of 91. The entire strategy of the automakers--and of the government--consists of demanding a higher octane to obtain more efficiency, which provides higher performance and, consequently, lower fuel consumption. It boils down to the Latin idea of the peppy little car and the "three liter" program enacted by Peugeot and Renault with the financial support of the government. After all, isn't the best way to reduce pollution simply to reduce fuel consumption by vehicles?

The course of action taken in France and Italy has led to a very high proportion of consumption of premium fuel: 85% here and 95% in our neighbor. At the same time in the Federal Republic, premium accounts for only 55% of the consumption of traditional motor fuels (excluding diesel). We gobble up much more octane than the Germans. The ecological attitude of the FRG therefore requires much less effort. It was, however, out of the question to leave them this monopoly, at least for political reasons.

The French government and automakers have recently seemed to be leaning toward a plan which would reduce lead content from 0.40 to 0.15 grams per liter. The auto industry seemed to be able to adjust to this and the administration felt that with decreased consumption pollution was measurably reduced, freeing it to concentrate efforts on other lead users.

The oil companies want no part of this scheme. First of all, they fear that the 0.15 gram content will be temporary, followed by its inevitable disappearance. It will be just as expensive for them to go from 0.40 to 0.15 grams as to go from the present situation to the "clean" fuel. In addition, they are hardly inclined to finance the installation of one, much less two, extra pumps.

It is time to adopt a European consensus to guarantee free movement of vehicles within the EEC. The solution proposed by the refiners will however cause serious problems for the automakers, who are going to have to learn to live with an octane rating of 94. This constitutes a small disturbance preceding the storm to come in the relationship of two powerful professions. Public authorities also may not be satisfied with a plan which would slow down the decrease in consumption.

The refineries will be able to prove that with their plan they are attacking all of the pollutants. The total absence of lead will permit the use of catalytic converter exhaust systems. These do not tolerate the presence of lead. Also catalytic converters eliminate to a large extent the nitrogen oxide and carbon monoxide which cause the infamous acid rains. On the other hand, this sort of exhaust system is expensive and is often claimed to be defective.

By no means have all the cards been played. The proposal of the refineries, though it has not been evaluated, does exist and is based on experience. No matter what happens, it will be the consumer who pays. Ecology is not free.

12666
CSO: 3519/372

ENERGY

FRANCE

BRIEFS

PETROLEUM PRODUCT PRICES RISING--French consumers are going to pay for the recovery of the dollar: retail prices for petroleum products will rise 1 to 5 centimes per liter, according to the BULLETIN DE L'INDUSTRIE PETROLIERE. At the time of the latest monthly adjustment, 14 May, a 1 centime decrease was noted for premium gasoline and home heating oil while the price of regular gasoline, in very low demand by motorists, remained unchanged. In the Paris region the maximum authorized prices per liter are presently Fr 5.07 for premium, Fr 4.77 for regular, Fr 3.87 for diesel and Fr 2.66 for home heating oil. [Text] [Paris LES ECHOS in French 1 Jun 84 p 4]
12666

FRANCO-ANGOLAN PETROLEUM COOPERATION--The French company Bouygues-Offshore and the National Combustibles Company of Angola (Sonangol) have signed an agreement to create a partnership subsidiary in Angola, Petromar. With share capital of \$4.7 million, this subsidiary will locate a facility for manufacture, maintenance and repair of petroleum equipment at Ambriz. The respective share holdings of Bouygues-Offshore and Sonangol are 90% and 10%. In the future Sonangol will be permitted to increase its ownership to a maximum of 50%. [Text] [Paris LES ECHOS in French 1 Jun 84 p 4] 12666

CSO: 3519/372

INTERNATIONAL BALTIC CONFERENCE: CONDITIONS IN SEA WORSEN

Combat Acidification, Purify Discharges

Stockholm DAGENS NYHETER in Swedish 5 Jun 84 p 16

[Article by Lasse Johansson, special correspondent: "Conditions in Baltic No Better"]

[Text] Karlskrona, Monday--Although the Helsinki Convention on the protection of the Baltic has been in existence for 10 years, it cannot be said that conditions have improved. To be sure, the ratios of the pollutants PCB and DDT have dropped, but at the same time, discharges of nutritive salts have increased.

This was made clear during the first day of the three-day conference on the Baltic environment being held in Karlskrona.

"We have not made much progress in 10 years in the matter of discharges from activities on land," said ambassador Gote Svenson, the chairman of the Swedish delegation at the Helsinki Convention.

The conference in Karlskrona is not an official meeting of the convention, but a part of the seminar activity of the seven Baltic states. During the days in Blekinge, there is no intention of producing a joint closing document. The aim is rather to exchange information concerning what technical solutions can reduce discharges from municipalities, agriculture and forestry as well as the paper industry..

"The Baltic is a sensitive water area, and we see an alarming growth of pollutants from the land," said Agriculture Minister Svante Lundkvist, who pointed especially to the role of nitrogen in the superfertilization of the Baltic Sea.

The agriculture minister has hopes for the new tax on artificial fertilizer, which he believes will force down the use and consequently the leakage from fields into the sea, and the new possibilities being granted to the government to protect areas sensitive to eutrophication.

"I'm not sure that the new tax will help the environment, for we must now become even more effective. Price increases have not led to less use of

artificial fertilizer before," said Bo Dockered of the agriculture cooperation.

In work for environmental protection, more and more emphasis is being placed on the importance of international cooperation, a fact stressed in several talks during the first day of the conference. But in spite of a large number of participants in Karlskrona, there were only a few there from the other Baltic states.

The chairman of the Helsinki Commission, Hubertus Lindner from East Germany, emphasized that the convention was a solid basis for the technical and scientific cooperation that will gradually lead to a better environment. He also stated that the leakage of nutritive substances from cultivated fields within the East European countries into the Baltic is diminishing.

From several sides it was stressed what a major impact acid rain is having on the environment in the Baltic Sea. A large amount of the nutritive substances and pollutants comes from the atmosphere, and combating acidification is just as important as purifying discharges.

'Dead Bottom' Areas Growing

Stockholm DAGENS NYHETER in Swedish 6 Jun 84 p 10

[Article by Lasse Johansson, special correspondent: "Baltic Growing Turgid, Trash Fish Increasing"]

[Text] Karlskrona, Tuesday--Life in the Baltic Sea will become less rich with fewer organisms, more trash fish and several "dead bottoms" if discharges of nutritive substances are allowed to continue at the present rate.

This is, in summary, the picture of trends in the Baltic Sea that Professor Bengt-Owe Jansson presented at the international conference in Karlskrona that resumed on Tuesday. There are enormous quantities of nitrogen and phosphorus which flow annually into the Baltic. Researchers have tried to estimate the quantities and have calculated 77.000 metric tons of phosphorus and 1.2 million tons of nitrogen--respectively 8 and 4 times the quantities before industrialization.

Half of these fertilizing substances come via waterways that flow out into the Baltic. A large portion of the phosphorus comes from municipalities, and a quarter of the nitrogen comes from the atmosphere.

Although the researchers are not certain how the nutritive substances act in the Baltic's complicated ecosystem, it is quite clear that they do affect the life there. In the coastal areas, plankton growth is increasing, the structures of algae are changing and organic material is forming sediment on the floors of the sea.

Dead Bottoms

Large areas in the Baltic are acquiring oxygen-deficient dead bottoms. Finnish estimates indicate that a quarter of the bottoms might be affected. This causes problems for codfish, which might have difficulties in reproducing since the spawn require both salt and oxygen-rich water in order to develop.

"We are getting different kinds of fish along the Baltic coast," reported Bengt-Owe Jansson. "Perch, salmon and salmon trout are being replaced by roach and carp, for example, which thrive in turgid, eutrophied waters."

An additional effect of the changes in the Baltic Sea is that both jellyfish and aurelia are migrating north because the inner sea has become more salty. This was due primarily to a gradual influence from the West Baltic.

Great Concerns

On Tuesday the application of fertilizers in agriculture and their effects on the Baltic were discussed. Fleming Duus-Mathiesen of the Danish Agriculture Ministry reported on new attempts to calculate the leakage of nutritive substances from agriculture. In Denmark there is great concern about nitrogen leaking from agricultural settlements, especially from farms with intensive stock holdings. A quarter of all nitrogen in circulation comes from diffuse discharges from agriculture, and the leakage is on the average 53 kilograms of nitrogen per hectare, according to preliminary data reported Monday. It is primarily stock manure fertilizer that causes problems, and it is hoped that this can be managed by improved advisory service to farmers so that, for instance, they spread fertilizer when plants can absorb it.

The only Soviet delegate at the conference, (Aarne Ejpre) from Estonia's office of water resources, reported on the work on constructing smaller purifying facilities for purifying the water discharged from small municipalities and farms. The purification plants deal with organic substances, but much phosphorus and nitrogen slip through. (Ejpre) said that they have begun to establish protected water zones and to draw up guidelines for managing fertilizers in order to reduce possible runoffs.

Countermeasures

"The effect of human activities on the environment is noticeable not only in water systems but in the sea here as well," said (Aarne Ejpre). The prime source of eutrophication is human activities, and this means that we know quite enough to take countermeasures."

This was precisely one of the questions at the conference: How much do we have to know in order to do something about the conditions in the Baltic?

"It is irritating that no one is able to say how much impact we should permit on the Baltic," says Bengt-Owe Jansson, who sees how the marine environment is becoming impoverished from his lab at Asko.

We have sufficient knowledge today to do significantly more than what we have done," said Gote Svenson, chairman of the Swedish delegation in the Helsinki Commission, the very body that is to attempt to devise practical measures for improving the Baltic environment.

MAJOR INADEQUACIES IN WATER POLLUTION BATTLE

Call for Industrial Clean-Up

Istanbul CUMHURIYET in Turkish 7 Jun 84 pp 1, 11

[Article by Reha Oz: "Cost of Myopia"]

[Text] A major cause of environmental pollution is sewers that dump wastes in the sea. Our people might as well swim in sewers instead of the sea.

It is not as though no efforts had been made to stop this. Existing water facilities and sewers built in 15 main centers of Istanbul are proof of this. However, the circles involved stress that these facilities are still inadequate, a mere token of what is needed. Environmental engineer and former ISKI [Istanbul Water and Sewage Authority regional director for the Anatolian Shore, Onder Ceri, speaks in particular of factory "purification facilities" and says:

"If we want to save the Sea of Marmara from total destruction, we must make sure that large factories install the purification facilities that modern technology makes possible. Likewise, owners of medium-sized factories must be compelled to get together and build purification facilities for their joint use. Then, for purification of residential and other wastes, ISKI must begin construction of central neighborhood or regional purification facilities without further delay."

Onder Ceri stresses the inadequacy of existing facilities, offering the facility under construction at Moda as an example:

"According to the Istanbul sewer project, which was begun at World Bank instigation and is now under construction by ISKI, all industrial wastes and sewage on the Anatolian shore are to be collected in diversion sewers and will be emptied in the deep currents of the sea off Moda. Even though the project counts on dissipation of the wastes from the deep sea towards the Black Sea and the Mediterranean, the Sea of Marmara and its shores will also get its share. Matter in wastes emptied into the Marmara without cleansing at purification facilities will decay on the floor of the sea, creating a need for oxygen. And this will endanger life on the seabed."

This is actually only one example, showing the inadequacy of the work done so far, however good its intentions. Yet environmental pollution is a fact requiring a more serious dimension of consideration. Moreover, it will not do to look only at the "regional" dimensions.

Actually, it may be that in looking at the problem, we have never understood the importance of it until recent years, considering the many projects since around 1918 and the many left unfinished. They may be listed as follows:

The first project for Istanbul was drawn up by the French in 1918-1920, but was not implemented. Between 1926 and 1936, project studies were done by Wild, a Berlin engineer. In this project sewage was to be strained at Cibali after which it would go into the Golden Horn. An overall drainage project for a 28,000-hectare area was drawn up between 1959 and 1965 by the Istanbul Municipal Drainage Project Bureau and world-renowned authority Professor Kehr. Only a very small portion of this project was able to be implemented, however. The DAMOC Consortium was directed to draw up a master plan in cooperation with the Istanbul Water Works Administration and the State Hydraulic Affairs General Directorate with special funds provided by the UN Development Program administered through the World Health Organization between 1967 and 1971. It never got off the drawing board, however. In 1973, the Provincial Bank authorized the Camp-Tekser Consortium to review the DAMOC project and bring it up to date. Agreement was reached in principle in 1977 between Turkey and the World Bank on proceeding with the necessary financing and organization and, in 1979-1980, plans were made by the Dutch firm NEDEKO for carrying out the first stage. In 1981, ISKI was formed and work began.

Turkey's Responsibility Enunciated

Istanbul CUMHURIYET in Turkish 7 Jun 84 pp 1, 11

[Editorial in column "Facts Behind the Events": "Our Interior Sea Polluted"]

[Text] World Environment Day brings to the agenda the despoilation of nature, a problem of growing urgency for mankind. It is a problem with which our ancient planet was not plagued in centuries past. The industrial revolution started the environmental pollution process as it spread and took hold throughout the world.

Turkey, too, confronts this problem. A law for the protection of the environment was passed in August of last year and certain measures have been considered; but, since laws often remain on paper, it is up to us, the public, to be constantly alert and informed and to keep the laws alive.

It is well to emphasize often our country's special status in this area. We cannot compare with the super industrial nations and their technological explosion. Our country, however, has begun to feel the weight of environmental problems without having realized an industrial revolution. It would not be in error to point, as the reason for this, to the lack of planning and programming in industrialization and haphazard urbanization.

The 5 June Environment Day was observed in Turkey as elsewhere in the world; experts and persons in positions of responsibility and power issued their warnings and promises for the future. Cleaning up or, more precisely, saving the Golden Horn was the main topic of initiatives in this regard. Nevertheless, while these speeches are being made on the one hand, the Marmara is about to be lost on the other.

Yet, no other country in the world has a sea like the Sea of Marmara. Future generations will never forgive us if we fail to recognize the value of this natural wealth. The Marmara is our own beautiful sea; all of its shores are ours. What does this mean? A number of nations may share responsibility and blame for pollution of the Mediterranean, but it is we alone who have sole responsibility for the Marmara. Despite this, it is still we who have planted industrial establishments along these shores all the way to Izmit. This can only make a mockery of our love of our country. To risk ventures at the cost of destroying the Marmara is the same as destroying our country.

With the Anatolian heartland and our thousands of kilometers of shoreline, are there not other places to zone for industry? What do you call it when a society that wishes to succeed at tourism, a so-called non-smokestack industry, fills its most valuable tourist areas, its seas, gulfs and lakes with industrial wastes?

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